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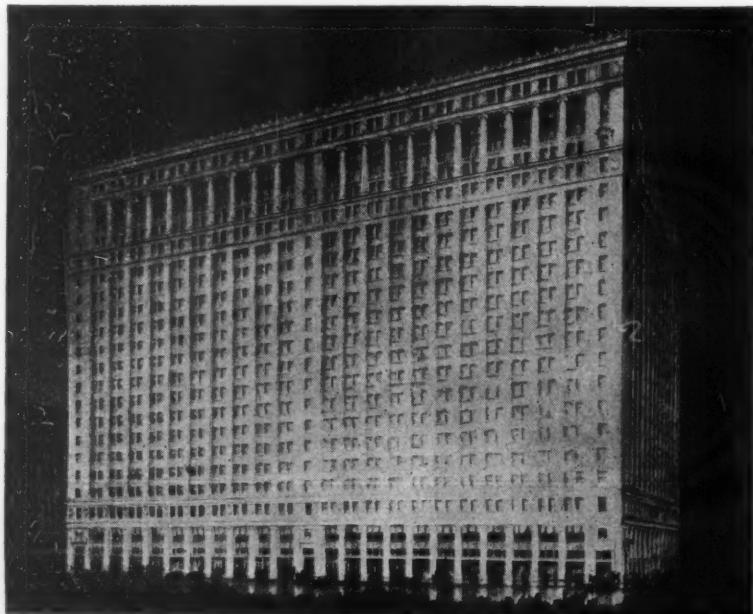
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Forty-fourth Year—No. 35

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, AUGUST 29, 1940

\$4.00 Year, 20 Cents a Copy

## Young Men Take Helm at Minnesota Agents' Gathering

**Changes in Policy Forms  
Urged—To Study Quali-  
fication Law**

DULUTH, MINN.—Two young men, both comparative newcomers in the insurance business, will direct the activities of the Minnesota Association of Insurance Agents during the coming year. They are Arthur A. Hirman, Rochester, who observed his 35th birthday the day he was elected association president, and Leroy Engberg, St. Paul, who was made chairman of the executive committee. Mr. Hirman organized his own agency at Rochester just 10 years ago while Mr. Engberg established his agency only five years ago.

The two men were formally inducted by Sidney O. Smith, president National association, as the closing event of the annual meeting. Both were warmly applauded as they accepted their new posts and pledged their best efforts to carry on the work of the association.

### Elected to Executive Committee

Two other young men were honored by election to the executive committee; Merle Rolfson, Austin, and George R. Teeson, Alexandria. They succeed E. F. Westrum, Albert Lea, and E. C. Huhnke, Duluth, whose terms expire Sept. 1. Mr. Teeson is immediate past president of the Insurance Federation of Minnesota. Harry Levant, Eveleth, president the past year and a half, automatically becomes a member of the executive committee. Holdover members are J. M. Hannaford, Jr., St. Paul; L. E. Hatlestad and R. A. Thompson, Minneapolis, and H. E. Reynolds, Duluth.

Several changes in policy forms to place the stock company agents in a better competitive position were urged in resolutions adopted.

### Five Changes Urged

1. Modernizing and streamlining the Minnesota standard fire policy by endorsement making available by such comprehensive endorsement selective coverages to include smoke damage, windstorm, vandalism and unearned premium.

2. Making available five year policies payable on an installment basis for residential and commercial properties, including marine coverages now carried on a term basis.

3. Permitting the use of the coinsur-



A. A. Hirman

## Lucas Outlaws HOLC-SCA Deal

**Insurance Program Falls  
a Cropper in Missouri  
and Wisconsin**

The Stock Company Association has now encountered another major setback in its new insurance arrangement with the Home Owners Loan Corporation. Just a few days after Insurance Commissioner Duel of Wisconsin issued a ruling that makes the SCA-HOLC contract practically unworkable in that state, Superintendent Lucas of Missouri has taken the position that insurance may not be issued under the SCA-HOLC contract; that no fire companies will be permitted to issue such policies and that any policies now in force must be canceled.

Perrin C. Cothran, vice-president of Phoenix of Hartford, who is president of the Stock Company Association, has announced that the SCA has suspended closing any further business in Wisconsin until a program can be worked out with Mr. Duel and the officials of the HOLC. In Wisconsin, the SCA is substituting individual policies for properties heretofore insured through certificate under a blanket policy. Conferences will probably be held with Mr. Duel after Sept. 15.

### Holds Open Policy Illegal

Mr. Lucas in a letter to Mr. Cothran asserts that the HOLC-SCA contract violates certain laws of Missouri. For instance, he stated, section 5829 of the Missouri laws prohibits the issuance of an open policy. This is the section that specifies the form of policy that is to be issued in Missouri, and provides that no fire policy shall be issued in Missouri unless it conforms with the provisions of that statute.

Mr. Lucas also alleges that the HOLC contract violates section 5902 of the Missouri laws providing for countersignature of policies by licensed resident agents. He stated that it is not clear from the terms of the contract that there will be any countersigning agent.

Mr. Lucas mentions that the local agent is to receive 20 percent commission and the HOLC is to receive a service allowance of 25 percent. He classifies the latter as a commission and states that 45 percent is too high a commission for any insurer to pay on this class of business. He contends that the agent who receives 20 percent is rendering practically no service, and that the HOLC is not rendering a service commensurate with a charge of 25 percent.

Mr. Lucas takes the position that these payments violate the laws which forbid any special rate, rebates, concessions, etc. Although the HOLC may not own the property and hence may not be directly in the position of an insured getting a rebate, yet, Mr. Lucas states, the HOLC does have an insurable interest in these properties and does receive 25 percent of the premiums paid by the owner. This, according to Mr. Lucas, is a subterfuge and is a violation of the statutes.

If the 45 percent acquisition cost is justified, then, he said, the insurance rates should come down. "We are not

## New Hampshire Asks Auto Returns

**Demands Experience on  
Both Finance and  
Other Classes**

NEW YORK—Fire companies operating in New Hampshire have until Oct. 15 to comply with the request of Commissioner Rouillard for a record of their experience on both financed and non-financed automobile business for the fiscal year ended last Aug. 1. Carriers were advised by Mr. Rouillard some three months ago that such information would be sought and presumably some, if not all offices, arranged to supply it.

### Calls for Incurred Losses

The data called for include premiums on each of the various forms of automobile writings, together with the incurred losses. As automobile claims in the main are settled promptly, there is relatively little difference in the roundup between incurred and paid loss figures, tests having so demonstrated in recent years.

Finance business produces between 60 and 65 percent of the total premiums of the companies on the automobile line, the great bulk of such income being in a dozen or more groups.

Commissioner Lovejoy of Maine likewise called on the companies to furnish his office with experience data, although differing in form from that required by the New Hampshire official.

### Would Like Central Agency

It was suggested to Mr. Rouillard that the information asked for be supplied through a central agency, thereby conserving the time of the individual companies, but the idea failed of acceptance, the commissioner declaring he wanted the records not only to be furnished by each office direct, but to be sworn to by a responsible executive.

If the National Association of Insurance Commissioners would agree upon a standard form for reporting automobile experience to all states, the task of the statistical departments of the companies would be materially lightened, company men assert, and a saving in expenses effected.

### Father and Son Golfers

Several Richmond insurance men were scheduled to participate this week in the annual father-and-son golf tournament, including Malcolm Jones, Virginia state agent Dixie Fire, and Malcolm Jones, Jr., J. Davis Ewell of Gibson, Moore & Sutton and J. Davis, Jr., Harry Thompson, president of Louis E. English, Inc. and Harry Thompson, Jr.

at all in sympathy with exorbitant rates," Mr. Lucas, "and we are not in sympathy with this kind of contract between a governmental agency or any other lending agency be it building and loan, investment company, bank, or otherwise.

"If HOLC must depend upon a cut of insurance premiums to maintain itself, then it is time to abolish HOLC."

## Program Announced for Buffalo Muster Full of Interest

**National Association of  
Insurance Agents  
Presents Many Features**

The program for the annual convention of the National Association of Insurance Agents at the Statler Hotel, Buffalo, Sept. 16-19, is announced this week. Buffalo uses eastern daylight saving time. The National association headquarters will be Parlor C on the mezzanine floor of the Statler and the executive committee meeting room is in the Georgian room on the mezzanine floor. Press headquarters and reception room will be in Parlor B on that floor. The program is as follows:

### Sept. 13-15

Meeting of national executive committee.

10 a. m.—Special meeting to discuss the profit motive and private enterprise. All in attendance are welcome.

2 p. m.—Meeting of executive secretaries and managers of state associations and local boards.

2 p. m.—National councillors' territorial conferences:

Eastern territory, E. J. Cole, Fall River, Mass., past president National association, presiding.

Southern territory, Ed H. Moore, Birmingham, presiding.

Middle western territory, George W. Carter, Detroit, presiding.

Far western territory, C. Elmer White, Oakland, Cal., presiding.

7 p. m.—Dinner, advisory council Business Development Office.

### Tuesday, Sept. 17

10 a. m.—Annual meeting of national council, Payne H. Midyette, Tallahassee, Fla., vice-president National association, presiding.

10 a. m.—Meeting of state association officers, W. H. Menn, Los Angeles, chairman national executive committee, presiding.

Report of finance committee, C. S. Stuits, Hightstown, N. J., chairman.

Appointment of resolutions and nominations committees.

12:30 p. m.—Joint luncheon state association officers and national councillors.

12:30 p. m.—Advisory committee luncheon, C. F. Liscomb, Duluth, chairman, presiding.

2:15 p. m.—Meeting of national executive committee.

### 2:15 p. m.—Local board conferences.

Group 1.—Population up to 50,000, John K. Boyce, Amarillo, Tex., presiding.

Group 2.—Population from 50,000 to 250,000, V. G. Henry, Wichita, Kan., presiding.

Group 3.—Population above 250,000, G. W. Haerle, Portland, Ore., presiding.

(CONTINUED ON LAST PAGE)

## Insurance Offices and Conscription

### Employment Situation Will Be Complicated by Compulsory Service

Managers of insurance offices are greatly interested in the probable effect of the military conscription act applying to young men between ages 21 and 31, inclusive. The first call naturally will be upon those that are not married or have no dependents and are in good physical condition. Under the act, employers are obliged to restore these men to their former organizations and cannot discharge any one within the next year except for cause. Many of the managers of insurance offices contend that the conscription age should be between 16 and 23 in order to cause the least embarrassment and inconvenience. Age 16 would catch young men just leaving high school and age 22 and 23 would get a large number just out of college.

#### Should Consider Age Factors

The argument is that under the proposed age period not only will the men themselves be greatly handicapped but their offices will be disarranged. Many young men from age 25 or so are beginning to step up and hold more responsible positions. If they are withdrawn from their daily work and taken into military service, they may lose entirely the chance for advancement that they had before. Therefore, insurance managers suggest that Congress should take cognizance of these primary age factors that are very vital.

Offices are being placed in the position of not desiring to employ young men of military eligibility ages. Therefore, these young men will find themselves in a larger group of the unemployment class. By the time young men have gotten beyond age 25 they are fairly well adjusted in their work and on the road to better salary and improved situation. The conscription act, therefore, will disarrange the promotion system and will have a very material effect on employment policy.

#### Situation When They Return

The question arises in the minds of these young men as to what their situation will be on their return from military service. Their jobs will have been filled and it is not likely that they can be in line where they were. The whole situation, according to many managers in the insurance offices, should be thoroughly canvassed and much more attention be given to the age situation before compulsory military training is adopted.

The final draft of the bill permitting the President to call out the National Guard for a period up to one year is technically at least more strict as far as insurance companies are concerned than the original draft. The first draft provided that failure to take back employees completing military service would constitute an unfair labor practice under the national labor relations act. Under Paul vs. Virginia, insurance companies are not subject to the act. The final draft makes no reference to the labor relations act but makes it mandatory for the federal attorney in the former employee's area to go into federal district court and ask for an order forcing the employer to reinstate the former employee with his former seniority status and pay.

#### Start F. U. A. P. Course Sept. 3

SAN FRANCISCO—Classes in fire, inland marine and casualty insurance and insurance accounting under the auspices of the Fire Underwriters Association of the Pacific will start Sept. 3 when John H. Martin, assistant manager Standard Forms Bureau, speaks on "General Principles of Insurance and Suretyship."

## Program Chairman



CLARK W. SMITHEMAN, Camden, N. J.

Advertising Manager Clark W. Smitheman of the Camden Fire, is chairman of the Insurance Advertising Conference program committee for its annual meeting to be held at Atlantic City, Sept. 8-10. He is one of the king bees of the organization.

## File Petition for Rehearing in Mo. Rate Case

Petition for rehearing was filed last Friday by attorneys for the companies in the Missouri rate case. Probably the decision of the court on this point will be awaited before the company executives take up the question of whether to take an appeal to the United States Supreme Court. They would not want to be in the position of assuming that the decision of the district court on the petition for rehearing will be adverse. Apparently no meeting has as yet been scheduled of chief executives of the companies to discuss what policy should be pursued.

Copies of the decision of the three judge federal court at Kansas City holding that the entire \$8,000,000 of impounded premiums must be returned to policyholders were made available to companies by the Western Actuarial Bureau. These are being studied closely and are furnishing the basis of a good deal of informal conversation in the business. Sentiment can be found on both sides of the question of whether to appeal or to accept the decision of the court as final. Some of those who favor appeal contend that such a course is necessary for face saving purposes; that to accept the decision of the lower courts might be taken by critics as evidence of admission of wrong doing. Others who favor accepting the decision

## Indiana Underwriting Experience Is Set Forth

INDIANAPOLIS—A recapitulation of the underwriting experience for stock fire companies in Indiana for the year ending Dec. 31, 1939, as will be shown in the coming annual report of the insurance department, is as follows:

	Prems.	Losses	Loss
	Rec'd.	Paid	Ratio
Classes 1-5—brick protected	\$1,581,423	\$ 626,669	39.6
Classes 1-5—frame protected	2,694,074	960,843	35.7
Classes 1-5—brick unprotected	111,616	48,436	43.4
Classes 1-5—frame unprotected	959,561	435,554	45.4
Classes 1-5—fire-proof protected and unprotected	93,156	7,028	7.5
Classes 6-26—special risks protected and unprotected	4,066,537	1,970,080	48.4
Totals	\$9,506,367	\$4,048,610	42.6
Expense ratio	.....	.....	50.8

Following is a recapitulation of the underwriting experience for stock fire companies for a five-year period, 1935 to 1939, inclusive:

	Prems.	Losses	Loss
	Rec'd.	Paid	Ratio
Classes 1-5—protected	\$22,969,609	\$ 7,678,814	33.4
Classes 1-5—unprotected	5,016,220	2,299,335	45.8
Classes 6-26—special risks	20,806,992	9,468,825	45.5
Totals	\$48,792,821	\$19,446,974	39.9
Expense ratio	.....	.....	50.7

The average premium rate per \$100 of insurance for stock fire companies has decreased from \$803 in 1920 to \$652 in 1939. The average rate for the 20 years has been \$748.

## Unslaked Lime Plus Flood, Fire Costs \$500,000

The loss to the tannery of the International Shoe Company in North Wilkesboro, N. C., is now estimated at from \$450,000 to \$500,000. It appears that there will be considerable salvage. The loss was a consequence of a heavy flood. Several freight cars of unslaked lime were on the siding beside sheds. The rising water reached the lime and the freight cars were set on fire. The blaze spread to the sheds and other buildings. The flood had crippled the municipal fire protection, and the sprinkler system due to the fact that underground mains were rooted up. The insurance was carried in the factory mutual companies.

There was fire in a furniture company plant that was located next door to the shoe company property. However, it appears that the furniture company fire was independent and was not a communicating fire.

as final, are prompted mostly by a pronounced desire to be rid of the whole Missouri mess once and for all.

J. F. Allebach, assistant attorney general of Missouri and formerly counsel for the insurance department, has resigned to enter private practice at Albany, Mo.

## THIS WEEK IN INSURANCE

A. A. Hirman elected president of the Minnesota Association of Insurance Agents at annual gathering in Duluth. **Page 3**

Program is announced for the annual meeting of the National Association of Insurance Agents in Buffalo. **Page 3**

Superintendent Lucas of Missouri outlaws the Stock Company Association-HOLC contract in his state and orders all insurance policies that are in force in the state under the provisions of that contract canceled. **Page 3**

New Hampshire insurance department demands record of company experience on both financed and non-financed automobile business. **Page 3**

Main features of the annual conclave of the grand nest of the Blue Goose reviewed. **Page 5**

Insurance Advertising Conference program completed except for direct mail session. **Page 4**

C. H. Smith, western manager Hartford Fire and president Western Underwriters Association, addressed the Minnesota Association of Insurance Agents. **Page 5**

J. Ross Stewart, retired vice-president of the Aetna Fire, died last week. **Page 12**

Insurance offices are much interested in the proposed conscription act. **Page 4**

National Labor Relations Board in connection with ruling on John Hancock Mutual Life holds that insurance is interstate commerce. **Page 15**

Surety interests are seeking to block the provision in the big national defense appropriations bill that would eliminate contract bonds and workmen's compensation insurance. **Page 15**

Completed program for the annual meeting of the Federation of Insurance Counsel is announced. **Page 15**

## Line Up Program for Ad Conference

### Speakers Are Announced for All But Direct Mail Session

The Insurance Advertising Conference has completed the program for its annual meeting Sept. 8-10 at Atlantic City with the exception of the speakers for the direct advertising session in charge of Earl E. Vogt, Millers National. An executive committee meeting will be held the evening of Sept. 8 and the business meeting will get under way Sept. 9 in the morning. President Ray C. Dreher, Boston and Old Colony, will preside and reports of officers and committee chairmen will be presented. The space advertising session with John Ashmead, Phoenix of Hartford, as chairman, will include talks by E. M. Ackerman, "Insurance Field"; Frank Armstrong, "Insurance Age-Journal"; George Fairleigh, "American Agency Bulletin"; Roger Kenney, "U. S. Investor"; William Haskell, New York "Herald Tribune"; L. A. Mack, "Weekly Underwriter"; and Robert Sheehan, "Spectator."

#### Field Men to Talk

The field men's forum in charge of Jarvis Woolverton Mason, National of Hartford, will follow with talks by W. A. Bell, Aetna Fire, Newark; W. A. Boone, agency supervisor, Aetna Casualty; C. A. Collin, National Fire, New York; Edward Creighton, Phoenix, Philadelphia; F. J. Finley, London Assurance, Newark; and R. F. Moore, Boston and Old Colony, Newark.

At the luncheon L. P. McCord, Jacksonville, chairman of the National Association of Insurance Agents educational committee, will speak on "A Developing Educational Program." He will be introduced by W. Leslie Lewis, Agricultural.

The afternoon session will open with a public relations program in charge of Ralph Bugli, London Assurance. Speakers will be Sanford Van Syckel, Bound Brook, N. J., agent; C. E. Freeman, Springfield Fire & Marine, and Averell Broughton, New York, advertising agent. At the dinner in the evening Harford Powel, advertising executive, will discuss "Relations—Poor, Private and Public."

#### Discuss Merchandising of Advertising

A closed business session will start the Sept. 10 session. Officers will be elected.

The direct advertising forum will be held followed by a session on merchandising of advertising in charge of R. C. Budlong, Globe Indemnity. Speakers will include W. J. Traynor, North British & Mercantile; D. C. Gibson, Maryland Casualty; R. W. Smiley, Royal-Liverpool & London & Globe; and H. G. Helm, Glens Falls.

At the luncheon the new officers will be presented. A "talkfest" will be presented in the afternoon with C. E. Smitheman, Camden Fire, as chairman. Speakers will include A. J. Wohlgemuth, president Rough Notes Company; Fred Bremier, Curtis Publishing Company, "Consumer Research"; W. Lambdin, "Production from the Art Director's Viewpoint"; and Joseph Reibel, Levering Reibel Company, "Production from the Printer's Viewpoint."

#### Lucas Issues Warning in Missouri

Superintendent Lucas of Missouri announces that he has discovered a "flagrant violation" of the rule requiring an agent that pays commissions to a broker to have on file a duplicate copy of the broker's license, which has not expired. He states that if the broker's license has expired for so much as a day, the ruling has been violated. He threatens to revoke the licenses of agents and brokers who do not comply.

## McKeel Grand Head of the Blue Goose International

Annual Conclave at Philadelphia Presents Many Colorful Features

### OFFICERS ELECTED

Most Loyal Grand Gander—Ben S. McKeel, New York City.

Grand Supervisor—C. J. Malcolm, Toronto.

Grand Custodian—H. A. Reynolds, San Francisco.

Grand Guardian—Louis L. Law, Minneapolis.

Grand Keeper—Philip M. Winchester, Newark.

Grand Wielder—R. A. Kenzel, Milwaukee.

PHILADELPHIA—The home city of Most Loyal Grand Gander J. R. Knowlan entertained the grand nest this year in sumptuous style.

The registration of about 200 was somewhat smaller than usual. Most Loyal Grand Gander Knowlan introduced Rev. Father Gaffney of St. Matthias Church, who gave the invocation, followed by the singing of "America" and "God Save the King."

All the grand nest officers were present and introduced, as were the past most loyal grand ganders: W. T. Benallack (1912), Detroit; T. L. Geraghty (1928), Philadelphia; S. A. Mehrtor (1935), New York City; J. C. Buchanan (1938), Los Angeles and R. W. Hukill (1939), Norwood, O.

J. A. Mawhinney, city councilman of Philadelphia, extended greetings to the convention and stated that Philadelphia claimed first place in a number of things including the first public school, hospital, fire department, and the first fire insurance company. W. R. Lewis, head of the Penn pond extended a welcome.

### New York Pond's Fine Work

The roll call showed that delegates were present from every pond but Alberta and the Empire State. The New York pond carried out a model installation, in a most impressive and inspiring manner, the entire team dressed in tuxedos with white silk sash giving the name of the office. The ritualistic work was letter perfect and the drill work an inspiration. The principal officers were: H. W. Puschel, most loyal gander; P. M. Winchester, supervisor; Fred L. Bross, custodian, and A. C. Backman, guardian.

The candidates were: R. F. Downing, Factory Insurance Association; Daniel M. Graham, Gibraltar Fire & Marine; C. F. Blyler, Franklin Fire; L. F. Leidhold, Factory Insurance Association; G. W. Smith, Factory Insurance Association; David Porter, "Insurance Field."

### Most Loyal Grand Gander's Report

At the conclusion the team received an enthusiastic ovation. Most Loyal Grand Gander Knowlan presented his annual report which showed a most successful year of progress with the membership the largest in the history of the organization, and the finances in a very healthy condition with an operating profit for the past fiscal year.

His recommendations included the reprinting of the by-laws and constitution due to the many changes during the past few years, and that Judge Advocate Wolf of Milwaukee supervise the work subject to final approval of the grand

## War Risk Open Policies Are Now Being Restricted

Company members of the American Cargo War Risk Reinsurance Exchange have given the required notice of cancellation of all war risk open policies but are offering to reinstate the contracts with certain restrictive clauses. The clauses that are now attached to open policies upon reinstatement exclude from the coverage shipments to or from ports or places in Germany, Italy or any of its possessions, France or any of its Mediterranean possessions or French Morocco, Danzig, Poland, Denmark, Holland, Norway or Belgium and all shipments by German, Italian or French flag vessels and all risks of capture on shipments to and from Petsamo and to, from and via the Mediterranean.

The risks that are thus excluded will not be covered unless accepted by the insurer by special agreement.

The companies are also requiring that all shipments to Burma, India, Straits Settlements, Thailand, China, Indo-China, Asiatic Russia be subject to the warranty that the goods insured are not consigned to or intended for the Chinese government or army and the assured will not be a party to any arrangement for sale or delivery to the Chinese government or army. That warranty provides that no information received by any assured after the goods have been shipped and insured and after he has acquired his title to or interest therein shall be set up against the insured as a breach of the warranty.

Shipments excluded from the open policy by that warranty will not be covered unless accepted by the insurer by special agreement.

The wording of the Petsamo and Mediterranean warranty is:

"Notwithstanding anything to the contrary contained herein, it is understood and agreed that all shipments to and from Petsamo and all shipments to, from and via the Mediterranean are warranted free of claims arising from capture, seizure, arrest, restraint, detainment, requisition, nationalization or condemnation; but unless the insured property is condemned, this warranty will not exclude losses otherwise covered by this policy which occur while the property insured is on board the overseas vessel and which are caused by gunfire, torpedoes, bombs, mines or other implements of war, or by stranding, sinking, burning or collision, provided such losses would not be covered by a marine insurance policy warranted free of claims

## Important Factor in Buffalo Convention

BUFFALO, N. Y.—A. C. Glasser, president of the Buffalo Association of Fire Underwriters, will play an important part during the annual convention of the National Association of Insurance Agents in his city Sept. 16-19. He is a native of Buffalo and entered the business in the local agency of O'Brien & Co. here, serving for two years. Then he joined Tiernon & Co., and then Deuel, Lapey & Co., of which firm he is vice-president. He started in 1917 as assistant secretary and was elected vice-president 20 years later. He served as vice-president of the Buffalo Board in 1938. He is very much interested in bowling and is captain of a team in the Greater Buffalo Advertising Club League.



A. C. Glasser

arising from capture, seizure, or detention."

The companies in transmitting these decisions to assured observe that despite increasing complications in the international situation, the insurers have endeavored to maintain open policies in force on as broad a basis as possible. Since the outbreak of the war, the only substantial modification which has been made under the open policies has been the adoption of certain restrictions as respects British and Allied capture. The outstanding policies up until now have automatically covered certain risks which under present circumstances the companies assert, are practically uninsurable.

## Ohio Convention Committees

E. S. Davis of Cleveland, trustee of the Ohio Association of Insurance Agents and general chairman for the annual convention in Cleveland Sept. 30-Oct. 2, has announced the chairmen of the convention committees: Registration, W. E. Flickinger; entertainment, C. M. Johnson; finances, Henry Frankel; company headquarters, E. B. Berkey; honorary reception, John W. Barrett; active reception, C. O. Ransom; sergeant-at-arms, Wm. G. Mussun, Jr.; souvenirs, Donald E. Herren; prizes, Ben P. Gale; transportation, George A. Geuder; publicity, Clayton G. Hale; golf, Julian W. Tyler.

## All Hands Working Will Accomplish Much for Insurance

President C. H. Smith, Western Underwriters Association Speaks

At the annual meeting of the Minnesota Association of Insurance Agents, one of the chief speakers was C. H. Smith of Chicago, western manager Hartford Fire and president Western Underwriters Association, who pointed out the results that are sure to happen when companies and agents work together. He said that there has been a feeling on the part of both managers and agents that their interests are not understood and that there has not always been a sympathetic desire on the part of the two groups to work together. He sees, however, considerable change in this thought. Both have the same objective, that is, selling insurance that will properly indemnify the public for its losses for a proper price. The speaker said that a proper regulation of insurance could be achieved only through both forces working together. There are companies that operate outside of organizations but he asserted that they would find their road was very rough if it were not for the stabilizing influence that associations have on the business. He declared that the outsiders benefit from this organization activity without being a part of it. Likewise, there are agents who are not members of associations but who benefit from the agency organizations.

### Sentiment Has Changed

Agents associations, he said, have done much to improve the feeling in the business. Mr. Smith frankly said that he could remember when he shared the opinion of many company men in feeling that the local agents associations were pretty nearly the natural enemy of the companies. When state associations held their meetings there was scarcely a time when they did not indicate that the companies should be punished for some alleged misconduct.

Mr. Smith referred to the midwest na-

(CONTINUED ON LAST PAGE)

## BLUE GOOSE GRAND NEST OFFICIALS ELECTED



BEN S. McKEEL, New York City  
Most Loyal Grand Gander



C. J. MALCOLM, Toronto, Can.  
Grand Supervisor of the Flock



PHILIP M. WINCHESTER, Newark, N. J.  
Grand Keeper of the Golden Goose Egg

(CONTINUED ON PAGE 11)

## 27 Non-Admitted British Insurers Put Up U. S. Deposit

NEW YORK—Following the announced unwillingness of the Maritime commission to approve coverage on American vessels in non-admitted insurers, arrangements were made by 27 British insurance carriers to establish a trust fund in this country. Such arrangement has now been completed, according to O. D. Duncan of Duncan & Mount, New York attorneys, who represent London Lloyds.

There is being deposited with Bankers Trust Company of New York, who will act as trustee, \$10,000,000 in cash and securities and the necessary legal documents are now being completed, all with the approval of the British government, Mr. Duncan asserted. The American trust, which will be for protection of all American business written through marine departments of the companies, will be a fixed trust and it is not intended to pay claims out of it, except in cases of emergency, and the entire amount of the trust will be available to protect the commitments of any company party to the trust.

Provision is also being made for the orderly approval and payment of claims in the event of an emergency arising, during which communications with London may be interrupted.

The trust will continue until the expiration of three years following the signing of a peace treaty by Great Britain terminating its participation in the war, with a provision that beginning six months after signing of such treaty, and thereafter at intervals of six months, the companies may reduce the trust by withdrawal therefrom of amount by which the trust shall exceed the total amount of all reserves carried by all companies on claims coming under the protection of the trust.

The agreement provides that no new business written more than three months after the signing of the peace treaty shall be protected by the trust.

A copy of the trust agreement will in due course be available for inspection by any parties interested, Mr. Duncan declared.

The trust agreement, a voluminous document, has been signed by most of the companies and all will have signed within the next 48 hours, it is understood.

The establishment of a deposit by these non-admitted corporate insurers corresponds to the \$40,000,000 trust fund established in New York by London Lloyds through Duncan & Mount.

### Son of Old-Time Field Man Carries On in Oregon

Howard Vallentyne of Portland, Ore., executive secretary of the Portland Insurance Exchange, and executive secretary of the Oregon Insurance Agents Association, is the son of an old-time field man, who in his day was well known in North and South Dakota. His father was Robert G. Vallentyne, who was born in Ontario in 1865. He entered the local agency business in Brainerd, Minn., after having disposed of a mercantile business. In 1905, he disposed of his insurance agency and moved to Minneapolis, representing the John Hancock Mutual Life for two years.

#### Went with the Northern

He then was appointed state agent for the Northern of London for the two Dakotas with headquarters at Fargo where he remained until 1916 when he was transferred to Spokane, Wash., covering eastern Washington, Oregon and Idaho. After about two years the Northern again transferred him to Portland, Ore., he having jurisdiction over western Oregon, Washington and southern Idaho until he was retired. He became affiliated with the Fire Com-

	*Capital	Assets	Surplus		*Capital	Assets	Surplus
Alliance	\$ 1,000,000	\$10,111,362	\$ 740,855	National Surety Marine	1,000,000	1,960,550	953,873
American Union	1,000,000	3,600,673	2,118,657	Newark Fire	2,000,000	9,694,370	4,350,380
American Alliance	3,000,000	8,284,890	2,958,490	Northern Assurance	500,000	8,012,183	2,639,633
American-Foreign	1,500,000	6,179,830	3,400,382	Northwestern National	2,000,000	14,893,922	5,127,778
Automobile	5,000,000	27,222,810	9,195,555	North America	12,000,000	106,498,185	59,495,914
Bankers & Shippers	1,000,000	6,732,027	1,562,055	Pacific	1,000,000	7,725,207	2,353,445
British General	850,850	1,277,236	318,285	Palatine	1,000,000	3,016,167	1,368,239
Century	500,000	3,673,552	1,287,204	Patriotic	1,000,000	2,747,516	1,195,522
California	1,000,000	5,135,831	2,515,697	Philadelphia National	1,000,000	2,909,351	1,157,512
Caledonian	645,000	3,591,047	1,692,020	Philadelphia F. & M.	1,000,000	6,055,262	3,104,571
Commercial Union, N. Y.	1,000,000	2,742,157	692,763	Phoenix Assur., London	500,000	6,968,685	2,462,840
Export	450,000	1,339,203	698,822	Queen	5,000,000	22,231,475	7,776,941
Equitable F. & M.	1,000,000	7,024,101	4,725,365	Reliance	1,000,000	4,022,723	1,723,637
Federal Union	1,000,000	3,081,924	1,089,567	Royal	500,000	20,596,683	9,431,447
Fidelity & Guaranty	1,000,000	7,532,191	1,699,196	Standard Fire, Conn.	1,000,000	5,830,767	2,234,483
Fire Association	2,000,000	22,826,939	8,794,948	Standard, N. Y.	1,500,000	6,484,977	3,183,625
First National, Wash.	500,000	1,246,526	318,488	Seaboard	600,000	1,483,208	526,743
Fireman's Fund	7,500,000	41,169,922	14,370,241	Service Fire, N. Y.	1,000,000	7,399,713	2,916,215
General Exchange	4,000,000	3,200,328	1,247,000	Star	1,000,000	5,606,160	1,903,552
Hanover Fire	4,000,000	12,077,635	4,004,770	Sun Underwriters	600,000	1,621,426	492,534
Home F. & M.	1,000,000	7,308,183	2,846,943	Sun	600,000	6,657,901	1,926,910
Jersey	1,000,000	4,132,556	875,450	Travelers Fire	2,000,000	27,269,965	5,982,784
Liverpool & Lond. & Gt.	500,000	11,495,862	6,906,872	Union Assurance	2,250,000	2,550,840	872,272
Lumbermen's, Pa.	1,000,000	5,131,456	2,192,674	United Firemen's	1,000,000	4,019,971	1,461,124
Massachusetts F. & M.	1,000,000	2,574,310	1,021,317				
National Security	1,000,000	2,799,432	1,148,300				

\*Or statutory deposit.

## June 30, 1940 Statement Figures Filed in Georgia

panies Adjustment Bureau, remaining with that organization until he died in April, 1933. He was an active member of the Dakota Blue Goose and continued his interest in that organization in Spokane and Portland. He was most loyal gander of the Pacific Northwest pond at Portland in 1924. He died while attending a Blue Goose luncheon in Portland, Ore.

#### Howard Vallentyne's Career

His son went to Spokane after he was discharged from the army in the world war, being appointed special agent for the Hartford Fire. After that he was connected with the Fire Association with headquarters at Seattle. He went to Portland in 1933 and was out of the insurance business for a couple of years. He then returned to the business as executive secretary of the Portland Insurance Exchange and on Jan. 1, last, became also executive secretary of the Oregon Insurance Agents Association. The Oregon association had its annual meeting and the executive committee reelected him as executive secretary. Mr. Vallentyne married a Fargo girl and they have four children, three boys and a girl. A number of field men of the northwest often stop at Portland and have a chat with him. He has his office in 416 Board of Trade building.

### Schedule New Michigan Auto Finance Conferences

LANSING, MICH.—Conferences arranged by the Michigan insurance department prior to framing a new set of regulations governing the insurance aspects of automobile financing are nearing an end and the new rules probably will be framed within a few weeks, Seth Burwell, head of the licensing division, reports. The vacation season has slowed progress but a conference has now been scheduled for Sept. 4 with representatives of the larger automobile finance concerns owned or controlled by the major manufacturers, such as G. M. A. C., Universal Credit, etc.

#### Final Round-up Sept. 9

Earlier conferences have been held with the American Finance Congress membership and with the Michigan finance companies which confined their business chiefly to this state. A final round-up conference is planned on Sept. 9 when insurance company representatives will be asked to appear to discuss the problem from their standpoint and any interested finance company representatives will be permitted to attend.

The Insurance Girls Service Club of Los Angeles was host to Miss Bertha Rachofsky of Denver, corresponding secretary of the National Association of Insurance Women, at a dinner. The club will resume its meetings Sept. 17.

Plan now to make the **Black Cat Club** on Hoodoo Day by selling accident and health. Your company can give you details.

### N. Y. Deputy Offers Substitute for Standard Policy

NEW YORK—The third and probably the final public hearing to be held by the joint legislative committee to consider the proposed revision of the standard fire policy and the proposed compulsory auto liability insurance law, prior to the convening of the legislature Jan. 1, will take place during the first week in October, the exact date to be announced later.

At the meeting at Bolton Landing Aug. 21-23, J. F. Collins, head of the rating bureau of the department, recommended that, in place of the present law prescribing a standard fire policy, there be enacted a type of standard provisions law comparable to those in the field of life and personal accident insurance. He suggested that the proposed law first define the forms of indemnity prohibited to be covered; then enumerate those that might be issued, and, finally, recite the provisions that must be included. Adoption of such a proposal is unlikely, but it may offer a basis for compromise.

The proposed standard provisions law of Mr. Collins reads in part as follows:

"1. No policy on contract insuring against loss of or damage to any property resulting from fire, including loss or damage incident to the extinguishment of a fire or to the salvaging of property in connection therewith shall be delivered or issued for delivery in this state unless it contains in substance the following provisions:

"(A) A provision that includes in the coverage insurance against (1) direct loss resulting from lightning, (2) direct loss resulting from smoke or smudge due to a sudden, unusual and faulty operation of any stationary heating furnace pertaining to the service of the building and (3) direct loss resulting from explosion as permitted under paragraph 5 of section 46, except that where the property insured is exposed to a serious explosion hazard, coverage for such hazard may be excluded in accordance with filings made in accordance with the rating provisions of article 8.

"(B) A provision that the insurer shall be liable for loss or damage to the property as a result of destruction by order of any civil authority to prevent the spread of fire.

"(C) A provision that, with regard to any notice required to be given in accordance with policy conditions, the giving of such notice by or on behalf of the insured to any authorized representative of the insurer in this state shall be deemed notice to the insurer."

Further suggested terms deal with the selection of appraisers, mortgagee interest, form of cancellation and the issuance of combination policies.

The New York cooperatives at the Bolton Landing hearing declared that if allowed an additional few months' time, they would be able to perfect a rating system for institutions of their type.

### Insurance Mighty Factor in Promoting Democracy

The insurance industry is a mighty factor in promoting the individual way of life that American democracy stands for, Governor Stassen of Minnesota declared at a luncheon which wound up the annual meeting of Minnesota Association of Insurance Agents.

"Progress comes through pioneering and you insurance men make it possible for people to pioneer," Governor Stassen pointed out. "By the protection you provide, the individual is encouraged to take a greater risk in establishing and developing business. The resources of insurance companies have furnished a tremendous source of capital for the development of our nation. And you insurance men as a class have a mighty influence on public thinking. You are helping to keep before the people what a continuation of the American way of living means to us all. We must maintain the free enterprise and private initiative that is our heritage of the nation's pioneers."

To combat "fifth columnists," Governor Stassen urged "an unfaltering spirit of unity that mobilizes constructive thought in facing our social and economic problems and minimizes intolerance."

#### Judge Otis Retires from Case

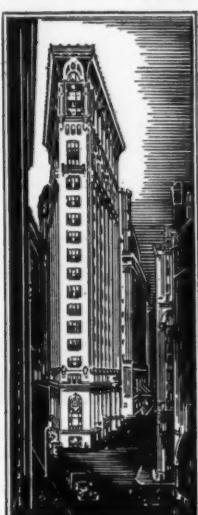
KANSAS CITY—U. S. District Judge Otis has disqualified himself from presiding in the two federal cases involving former Superintendent O'Malley, T. J. Pendergast, and A. L. McCormack, St. Louis agent, who were indicted recently on charges of conspiracy to obstruct justice in connection with their alleged efforts to have a special three-judge federal court approve the 80-20 compromise of the fire insurance rate cases effected in May, 1935.

Counsel for Pendergast had filed affidavits charging that Judge Otis was prejudiced against their client and that as a result he could not have a fair trial if Judge Otis presided.

In deciding to step out of the cases, Judge Otis denied that he had any bias or prejudice, but said the affidavits were "sufficient in law." He said he would ask Judge Gardner, acting senior judge of the U. S. circuit court of appeals, to name another judge to handle the cases.

#### Would Cut Premium Credit Loss

SAN FRANCISCO—A plan to bring about a material reduction in the losses suffered by fire companies because of failure of agents, brokers and assured to pay earned premiums will be discussed at a meeting of the Pacific Coast insurance group affiliated with the Credit Managers Association of Northern and Central California Sept. 24. The San Francisco Insurance Accountants' Association has been working with the group for several weeks in preparing the plan, which it is hoped will be adopted generally throughout the coast territory.



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VICTOR G. HENRY, Wichita, Kan.



G. W. HAERLE, Portland, Ore.

**Western Mutual Acting Head**

J. D. Kent has been made acting president of the Western Mutual Fire of Des Moines, succeeding D. O. Milligan who resigned. Mr. Kent is treasurer and a director. Mr. Milligan had been president since 1936 and prior to that was secretary for 10 years.

The Lawrence (Mass.) Board held its annual outing and dinner at Howard's Grove in New Hampshire, owned by Secretary Howard of the board. Manager E. S. Oppenheimer of the Associated Brokers & Agents spoke of its plans. Secretary A. H. Clark of the

Massachusetts Association of Insurance Agents was also a guest.

**Agents' Bonding Guide**

THE NATIONAL UNDERWRITER is selling the "Agents' Bonding Guide" by H. F. Gee of Indianapolis, who is manager of the Metropolitan Casualty and Commercial Casualty. He has been 17 years in the surety business as special agent, superintendent and manager. He is a graduate of electrical engineering and is a graduate of the Aetna Casualty & Surety training course. The book is for the producer who is not a surety specialist. It is written in very clear and

understandable language and gives the producer a general understanding of surety principles and practices and the various classes and kinds of bonds written.

The producer needs to know exactly what information the underwriter must have to pass on an application for a bond. The author supplies these needs. He discusses the various kinds of bonds telling why they are needed and by whom and the reasons why certain bonds are desirable while others apparently innocuous are hazardous or troublesome from the surety standpoint. At the end of the book in the manual section is a quick reference chart, which is highly

valuable. It lists all the common bonds and those that are not common. It shows for each bond a section of the bond manual where the rates can be found, where the bond form may be secured, the information required including company forms to be used, reference to the section in this book where the bond is discussed, etc. The book sells for \$1.

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## NEWS OF FIELD MEN

### Bowen Is Promoted by the National

L. N. Bowen of Detroit, Wayne county, Mich., superintendent of the National Fire group, has been appointed agency superintendent of the western department in Chicago. He is a native of Michigan, attended the University of Toronto and Michigan State College, after which he was employed by the Michigan Inspection Bureau for four years and then entered company work in Michigan as engineer, special and state agent for a period of several years before joining the National organization as Wayne county superintendent. He will travel the entire territory under the supervision of the western department.



L. N. Bowen

F. E. Greene will succeed Mr. Bowen as Wayne county superintendent. He was born in Indiana, graduated from Ohio State University at Columbus, and entered the employ of the Cleveland branch of the Ohio Inspection Bureau in 1923. He was employed by the National Fire group in 1936, serving as special agent and engineer in Cleveland and northeastern Ohio territory and later for a short period in the larger cities of Iowa.

### Alfred Gunther Becomes Minnesota State Agent

A. C. Gunther of Columbus, Ohio, special agent, has been appointed state agent in Minnesota for the National Fire, Colonial Fire, Mechanics & Traders and Franklin National succeeding H. C. Christinson, resigned. The business of the Transcontinental of the National Fire group is supervised in Minnesota by the William Walsh Company, general agents, Minneapolis.

Mr. Gunther is a graduate of Armour Institute and was with the Oklahoma Inspection Bureau for six years and the Western Factory for two years before joining the engineering department in the western office of the National Fire in 1937. He was later appointed special agent in Ohio.

Donald J. Neal, who has been in the engineering department of the National Fire in Chicago, is being transferred to Ohio as special agent and production engineer to succeed Mr. Gunther. His headquarters will be at Columbus under the supervision of State Agent F. G. Bell. Mr. Neal, after graduating from Armour Institute, was with the Ohio Inspection Bureau for several years before going to the western department of the National Fire. He also has had special training along automobile and inland marine lines.

### Harry D. Brown to Lincoln

Harry D. Brown, who has been Kansas state agent for Kansas City Fire & Marine, has been transferred to Lincoln, Neb., to take charge of Nebraska and part of eastern Missouri. He has been in the business since 1922 starting with the Western Actuarial Bureau in Chicago and serving in various places for Home and Phoenix of Hartford.

### Schneider to Louisiana

Louis Schneider, who has covered the Virginia-Carolina territory for the American of Newark group for a number of years, is now associated with State Agent C. A. Prescott of New Orleans as special agent for the same group.

### Robert Senn Goes to Carolina Field

The National Fire group announces that State Agent J. H. Rhodes, who has for four years supervised the business in the Carolinas, will shortly be asked to return to the home office at Hartford, where he served for many years, to become a member of the staff and to assist in the supervision of southern business.

Robert M. Senn has been appointed state agent with headquarters at Charlotte. He resigns as St. Paul F. & M. state agent in Oklahoma. He will be assisted by Special Agent W. C. Noell.

Mr. Senn's appointment returns him to North Carolina where he attended grammar and high school before going to the southwest to complete his education. When he left school he turned immediately to fire insurance, received training in the general agency of Trezevant & Cochran at Dallas, was promoted to special agent in Arkansas where he served for several years, moving forward to a more important assignment in

Texas where he was still employed when he left Trezevant & Cochran nine years ago to become state agent for St. Paul F. & M. in Oklahoma. He is a past most loyal gander of the Oklahoma Blue Goose.

A farewell party for Mr. Senn was given by the Oklahoma Blue Goose in Oklahoma City.

### John F. Winn's New Post

John F. Winn has been appointed New York state agent for the Merchants Fire, Merchants Indemnity and the Washington Assurance of New York City with headquarters at Cazenovia. For the past six years he has been special representative in New York for the Central Manufacturers Mutual Fire of Ohio, prior to which he was manager of the St. Louis office of the United Adjustment & Inspection Co.

### Dice Goes to Oklahoma

Elmer C. Dice, who for the past year has been state agent for the St. Paul Fire & Marine in New Mexico, has been made state agent in eastern Oklahoma, succeeding Robert M. Senn, who has resigned to go with the National Fire in the Carolinas. Mr. Dice joined the St. Paul about three years ago in Arkansas. Previous to that he had been

with the inspection bureau in Arkansas. In his new post he will be associated with F. O. Cress, who gave him his first instruction in the fire insurance business in Arkansas. Mr. Cress is state agent for the St. Paul for western Oklahoma. They will office together at Oklahoma City.

The St. Paul is not yet ready to announce a successor to Mr. Dice in New Mexico.

### Vancouver Pond Initiates

The British Columbia Blue Goose held an initiation at Vancouver. Arrangements were in charge of John W. Wilson, past most loyal gander. Hugh Kirkup, most loyal gander, presided. C. McCreery, first most loyal gander, spoke of the history of the pond.

### A. B. Renwick with Boston in Mo.

A. B. Renwick has been appointed special agent of Boston and Old Colony in Missouri with headquarters in Kansas City in company with State Agent Frank Else.

### Margaret Yates Resigns

Margaret W. Yates, who has been secretary of the North Carolina Fieldmen's Conference, has resigned and is retiring to private life. She became secretary

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when it was first decided to enforce the mandatory balance rule in North Carolina. Therefore, having been in her position for over seven years she served with great fidelity. She is succeeded by Miss Marie Peele.

**R. E. Hauck**, Kansas state agent of the North British, supervisor of the Kansas Blue Goose and secretary of the Kansas Fire Underwriters Association, is the father of a son, born last week.

**J. R. Claypool**, America Fore, president of the Tennessee Fire Prevention Association, announces that inspections are scheduled for Lexington Sept. 24 and Henderson Sept. 25.

## NEW YORK

### GOES WITH AERONAUTICS BOARD

Jerome Lederer, chief engineer of the Aero Insurance Underwriters, New York City, has become director of the safety bureau of the Civil Aeronautics Board.

### FOREIGN SECRETARY IN NEW YORK

Arne Fougnier, secretary of the foreign department of Christiania General of Norway, is now located in New York assisting United States Manager J. M. Wennstrom. Mr. Fougnier's trip from Stockholm to the United States required 45 days. He flew to Moscow and went by rail to Vladivostok, then by boat to Japan, by another boat to Honolulu, thence to San Francisco and then from San Francisco to New York by air. He had been in Stockholm ever since the time of the seizure of Norway by the Germans, as it was felt desirable to operate the foreign business of Christiania General from a neutral point.

### GENERAL BROKERS MEETING

Oct. 23 will be the time and the Hotel Astor, New York City, the place for the annual dinner of the General Brokers Association of the Metropolitan District. Plans are being prepared by a committee under direction of Chairman J. A. Cohen. It is expected at least 800 brokers, agents and company representatives will attend.

### Mankin Resigns as Marine Head of Pacific National

Howard E. Mankin has announced his resignation as manager of the national marine department of Pacific National Fire. Mr. Mankin has occupied that position about three years. At first he was located at the head office in San Francisco and then his headquarters were shifted to Chicago. He is a marine executive of some 17 years' experience. Prior to his connection with Pacific National Fire, he was marine superintendent of the western department of Aetna Fire and before that was with Commercial Union in Chicago. He has not announced his plans for the future.

### Interest Picks Up in Insurance Company Shares

NEW YORK — Security investment houses here report increased interest on the part of clients in insurance stocks; notably those of fire and of casualty companies. Some market analysts are predicting that insurance companies will derive increased premium income as a result of the preparedness program, and that insurers are likely to be exempted from the proposed new excess profits tax; that the shares of many insurers are purchasable at discounts from asset value.

### Example of Bullish Comment

As an example of the type of bullish comment that is prevalent in stock brokerage circles is the bulletin recently put out by Butler-Huff & Co. of Los Angeles. This house recommends fire insurance company stocks as securities that are likely to stand up "even if Hitler wins, even if we get the 'wrong' president, and even if the excess profits tax does bite ravenously into corporate gains." A Nazi victory would cause a step up in the American rearmament program, according to this bulletin and that would require insurance protection.

The bulletin goes on to suggest that the American insurance companies would expand into the western hemisphere. The theory goes on that expense ratios would drop substantially because so many expense items are comparatively static regardless of volume. The story continues that the federal tax payments would shrink materially even though the tax rate would have increased, because of the reserve requirements incident to a premium increase. Butler-Huff & Co., even see a diminution of losses on the theory that losses tend to decline as business activity increases. Then they can find only favorable factors on the investment side. The least that could be expected, they say, would be a relatively stable investment income, due to the fact that the increased investable funds produced by the higher premium volume would tend to offset any lowering of the earnings rate.

Should the "wrong" man win in November, Butler-Huff & Co., say, the fire insurance business would not suffer because there is bound to be a high level of business activity with the rearmament program. Regardless of whether the rearmament activity is profitable, it must be protected by insurance.

It is doubtful if fire insurance would feel the effect of the excess profits tax at all, the bulletin asserts.

Butler-Huff & Co. state that the interim reports that have become available are most encouraging. For instance, it observes that Phoenix of Hartford showed a 14.6 percent gain in premiums during the first six months of this year as compared with the 1939 half year; National Union, 23.6 percent gain; St. Paul, 11.4 percent; Providence-Washington, 16.4 percent; Continental, 12 per-

cent; Fidelity-Phenix, 9.2 percent; Pacific Fire, 7.2 percent.

Some of the companies, according to Butler-Huff & Co., will have the largest year in their history in 1940.

### Sidney Smith in Chicago

President Sidney O. Smith of the National Association of Insurance Agents stopped in Chicago last Saturday en route home after his long trek to the Pacific Coast where he addressed state conventions of Oregon, Washington, Idaho and Montana and then gave a final talk at the Minnesota convention at Duluth. While in Chicago he had a conference with Wade Fetzer, Jr., vice-president W. A. Alexander & Co., who is a member of the National association executive committee and is particularly interested in its educational work. Plans for the future will be discussed at the National convention at Buffalo and the two men were, therefore, endeavoring to

chart a suggested course that they could recommend.

### Will Enforce Assessment

Insurance men are interested in the suit brought by Commissioner Taggart of Pennsylvania in the municipal court of the District of Columbia to endeavor to force an assessment on the policyholders on the defunct Keystone Insurance Indemnity Exchange. It was licensed in the district April 1, 1924. It did not have enough money to pay claims and the assessment was upheld by the Pennsylvania supreme court, although many of the policies contained a non-assessable clause. The court held, however, that this was in direct conflict with the Pennsylvania statutes and even those that had such a clause were liable for assessment. A number of people in the District of Columbia carried their automobile insurance in this concern.

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# CHICAGO

## HAIL INSURANCE RESULTS

The hail writing companies report that premiums will be about the same as 1939 and the loss ratio is satisfactory. There is a higher loss ratio in Canada than in the United States. There were a few bad storms but taken as a whole the season has been favorable. About 85 percent of the hail premiums come from west of the Mississippi River. About 80 percent of the volume comes from wheat growers. There was a decline in the price of wheat which undoubtedly affected the premium volume. In Canada last year's crop is still held back and the growers are not sure that they can dispose of this year's wheat. Therefore, values in Canada sank even lower than United States figure.

There were some devastating storms in North and South Dakota but the stock companies' premiums in these two states shrank drastically during recent years. In days gone by North Dakota was the second state in hail premium volume for stock companies. Now the income is small. Hence, the storms did not affect to any great extent the loss ratio. It will have an effect on the state hail fund in North Dakota and the Federal Crop Insurance Corporation both of which are very strong in the sections in which they operate. The loss experience on tobacco and corn so far this year has been good. Wheat is now entirely out of the way in Canada. Some companies report an increase in premium income but it will not be large taken as a whole.

## CHICAGO YOUTH SIGNED BY "REDS"

R. A. Davis, 19-year-old clerk with the Cook County Loss Adjustment Bureau, Chicago, has just been signed by the Cincinnati Reds baseball team, through the help of A. B. Kilburg, assistant manager of the bureau, to pitch with the Tucson, Ariz., team, "farm" club of the Reds, and will report in a few weeks to Stockton, Cal. He has been selected on the pitching staff of the team which will represent the Illinois Amateur Baseball Association for a series of seven games to be played at Birmingham early in September. He has a fine strikeout record as an amateur pitcher, with 150 batters put out in a series of 10 games.

Mayor John F. Stafford of Babson Park, Fla., and Mrs. Stafford are on a motor trip spending some days in Chicago.

## McKeel Grand Head of the Blue Goose

(CONTINUED FROM PAGE 5)

nest officers; also that there be incorporated in the constitution and by-laws provision for the appointment of a judge advocate and an outline of his duties.

He encouraged the placing in nomination of more than one candidate for the office of grand keeper of the golden goose egg and discouraged the present regional caucus method. His recommendation to abrogate the present regional zones was not adopted, it being felt that the present division of territorial zones has proven reasonably satisfactory. Mr. Knowlan's report was referred to a committee of which W. T. Benallack was chairman.

The committee congratulated him on the excellent results of the year, and approved with one exception his recommendations, a number of which were

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more in the nature of suggestions for the incoming administration to consider.

Grand Wielder Kenzel presented a very complete and voluminous report. A great deal of the detail work is handled in the grand wielder's office by Mrs. Kenzel, and the excellent manner in which the records are kept was highly commended. Reports were received from the emblem, jurisprudence, ritual, employment, publicity, educational committees and Judge Advocate Wolf reported that the order was free from any legal entanglements.

Wednesday afternoon the delegates and their ladies were taken on a sightseeing tour of Philadelphia returning in time for dinner, which included an excellent floor show.

## Impressive Memorial Service

On Thursday the customary memorial service was given by W. A. Munns in a most impressive manner. The Penn pond quartet rendered "There Is No Death" and "The End of a Perfect Day." On a screen was thrown a beautiful moon and cloud effect and the name and pond were given of those who had taken their last long flight, a silver star was added, 85 in all.

The various delegates presented their customary reports. The discussion of general interest developed that the Blue

Goose is thriving in a most satisfactory manner.

Most Loyal Grand Gander McKeel's first official act was to reappoint R. A. Kenzel as grand wielder. Grand Gander Knowlan called upon the senior past most loyal grand gander, W. T. Benallack, who was attending his 34th annual session, and he installed the new officers.

## Grand Gander's Acceptance

Grand Gander McKeel made a stirring acceptance speech and emphasized the international nature of the order, its membership being drawn from the two great countries, the United States and the Dominion of Canada. As one delegate expressed it: "In this day of tumult and change, when governments are overthrown; when ruthless attempts are being made to wipe out the freedom of democratic countries, we are fortunate indeed in having such an organization as the Blue Goose where friendly competitors can meet on an understanding ground and engage in social and friendly relations."

General Chairman Paul M. Fell, whose actions speak louder than words, was called on, and really made quite a speech. He received a rousing standing vote of appreciation for his devotion to the interest of the visitors.

The official souvenir was a desk lamp

in the form of goose in flight with a blue shade showing a flock on the wing. Thursday noon the ladies were taken on a sightseeing trip to the Wanamaker store and a noon luncheon.

In the evening the international good fellowship banquet was held and was a brilliant affair, with over 300 present. The walls were covered with the individual pond banners and the flags of United States and Canada.

Nature smiled on the convention for the weather for the entire three days was perfect. Past Grand Ganders H. Verne Myers, Waterloo, Ia., (1926) and L. H. Bridges, Chicago, (1934), were unable to be present on account of illness and were sent telegrams of regrets.

The invitation from the Carolina pond to hold the next convention in Asheville, N. C., was unanimously accepted.

## Invited to Niagara Tournament

NIAGARA FALLS, ONT.—The Niagara District Fire & Casualty Insurance Agents Association has extended to the delegates to the National Association of Insurance Agents convention in Buffalo an invitation to attend its annual golf tournament Sept. 18. A large group of Ontario fire and casualty agents from all over the province will be on hand to welcome their American friends.

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## EDITORIAL COMMENT

### Reappearance of Fictitious Fleets

THE FACT that several insurance commissioners in recent weeks have been impelled to issue rulings against so-called fictitious automobile fleet business is rather surprising. If this evil practice is reappearing it is cause for chagrin among those who have the interests of the business at heart. Little has been heard of the fictitious fleet issue for the past four or five years. Prior to that time, it had become a most prevalent practice and a most obnoxious one. It was a problem to which insurance departments were giving a great deal of attention and it was a practice that was taking a good deal of lustre from the name of insurance. We had believed that here was one evil that had been

rather effectively eradicated and it is distressing to find that these new rulings recently have been issued in several states.

Rate cutting through the fictitious fleet device is a scheme for which there can be no apology. It is not only shameful in itself but it is likely to bring other and proper rating practices in disrepute in public estimation. It is the type of off color dealing that can be seized upon as evidence by those who are inclined to speak of the "insurance racket." We hope that if there is a reappearance of this practice the majority of companies and agents will work closely with the insurance departments in stamping it out with dispatch.

### Good Shaking Up Is Needed

AN OBSERVER, the other day, recited an incident in connection with one of the cities in the east where the insurance offices evidently had concluded there was little business to be had and that efforts were not rewarded, however honestly made. Even to the casual visitor the city seemed to be in a state of coma and there was torpor and inertia.

One of the companies sent a new man, coming out of the central west, to take charge of its office. He had no personal knowledge of conditions in the community to which he was assigned. So far as outward appearances were concerned, the opportunities were many. He went to work with a right good will, reorganized his office, gave it a spick and span appearance and soon had a hustling organization started. He sent his men out into the vineyard with alertness and determination. They soon were bristling with activity and brought in a number of applications. The other offices were

surprised beyond measure at what was being accomplished.

This observer stated that today is a great testing time. Those who lack ambition, industry and determination are lost in the shuffle. The better prepared and the more able are supplanting the dead wood. Diligence coupled with knowledge and enthusiasm constitute a triple plated armor that is invincible. The new man in the city did not know the discouragements of the other offices. They had concluded that nothing could be done and hence they stopped. Many agencies had no modern selling methods. They were living in the past, dust was accumulating and they had acquired a defeatist attitude or an indifferent one.

There are other cities and other offices that probably need a thorough going shaking up. This is a day when the indifferent, those living in the past, those who think that it cannot be done have to get out of the way.

### Assigning Work to Others

AN EXECUTIVE in conversation about piling up work made this significant observation: "Push your business but do not allow it to push you." The conversation centered about the practice of some men loading up their desks with all sorts of detail which could easily and more speedily be handled by lieutenants to a much better advantage. They burden themselves with comparatively minor matters and hence do not have the time to devote to far more important problems. There are some administrators who possess the fine art of passing work along, thus throwing re-

sponsibility on men down the line and giving them a chance to develop and extend themselves. Such employers realize the fact the men outside are in closer touch with the smaller affairs than the higher ups.

Men who attempt to handle five or six times more work than they should never get out of the small position class. When their concerns were smaller, it was necessary for them to keep their hands on the helm and rightfully so. As they grew in stature and their positions and their companies increased in size they still remained small organiza-

tion officials. Thus they place around themselves barriers which they cannot hurdle. They are overwhelmed with work. They have no time for any re-

laxation or thought to be given to the major issues of their business. They are cases where the business actually pushes them.

## PERSONAL SIDE OF THE BUSINESS

Elizabeth Ann Montgomery, daughter of **C. J. Montgomery**, prominent local agent of Rock Island, Ill., graduated the other day from the University of Chicago. She has accepted a teaching position in Eureka high school near Peoria, Ill.

**Bernard F. Flood**, production engineer of Royal-Liverpool, is confined to his home at Columbus, O., with several fractured ribs, the result of an accident while he was on his vacation.

**John Pytlik**, local agent of Spring Valley, Ill., was elected vice-president of the Illinois Moose Association, district 4, at the convention in Belleville.

**James M. Casey**, secretary of the Hutchinson (Kan.) Insurance Board and manager of the Bert Mitchner agency, is celebrating the arrival of his first son, who is a grandson of Bert Mitchner, now Kansas director of taxation. Mr. Casey was on duty at the national guard encampment at the time.

Jean, the oldest daughter of **Miner Shaw**, well known local agent at Sioux Falls, S. D., was married last week and will live in California where her husband is an aeronautical engineer. George Freese, Kansas state agent of the St. Paul, Wichita, and Mrs. Freese attended the wedding, en route home from their vacation.

The wedding will take place Saturday of this week in the Little Flower chapel at Lake Wawasee, Ind., of June Breen, daughter of President **F. J. Breen** of Standard Fire of Trenton, N. J., and Mrs. Breen, and Francis Hart May, Jr., of Lancaster, Pa. Miss Breen is a graduate of Cornell University and Mr. May is a graduate of the University of Notre Dame and Harvard Business School. After a wedding trip, the couple will reside in Streator, Ill., where Mr. May is connected with the Libbey-Owens-Ford Glass Co. Mr. May and Miss Breen met at Lake Wawasee many years ago while on vacation and Mr. May's former home was at Dunkirk, Ind., close by.

A group of Chicago and Minneapolis insurance men spent this week rustinating in the wilds of northern Minnesota and on Isle Royale in Lake Superior. Included in the party were: **J. A. O. Preus**, vice-president of W. A. Alexander & Co., Chicago; Oscar Hauschild, attorney-in-fact for the Retail Lumbermen's Inter-insurance Exchange, Minneapolis; his brother, John Hauschild, president of Charles W. Sexton & Co., Minneapolis, and Earl Neutson, manager of the American Merchants' Mutual, Minneapolis. They made the trip to Isle Royale in Mr. Preus' yacht.

At a colorful and elaborate adoption ceremonial, **L. S. Wallace**, Milwaukee, Wisconsin state agent of the Niagara Fire and Maryland, was inducted into the Chippewa Indian tribe at the Lac du Flambeau reservation. Having had his summer home on the reservation for 20 years, Col. Wallace is well acquainted with many members of the tribe. The Indian council gave him the name of

"Gi-Wa-Di-No-We-Ni-Ni," which means "The Spirit of the North." Col. Wallace was presented an Indian war bonnet.

The art exhibit at the Minnesota State Fair was featured by a display of the paintings of **Clarence H. Dunning**, Duluth agent. His paintings depict the industrial, agricultural and recreational life in and around Duluth and attracted much favorable comment. Mr. Dunning has been painting in oil for 18 years and his works have been exhibited at Minnesota and Florida exhibitions.

**I. N. Boardman**, head of Hickok & Boardman, Burlington, Vt., local agency, was injured in an accident at the Burlington Riding Club resulting in his cheek bones being fractured. A horse that was being led into a trailer kicked a plank that struck Mr. Boardman in the face.

**Alfonso Johnson**, manager of the Dallas Insurance Agents Association, has been in medical hands since early in August. He was obliged to be in a hospital for a time, was permitted to return home but then had to enter the hospital again. He will, apparently, be unable to attend the meeting of the National Association of Insurance Agents in Buffalo. He will be missed particularly in the conferences of local board secretaries in which meetings he has in the past always taken an active part.

**W. J. Moe**, Portland manager Fire Companies Adjustment Bureau, is recovering from a major operation which he underwent recently in Portland. He will be "out of circulation" for several weeks.

## DEATHS

### Retired Vice-president of Aetna Fire Is Dead

HARTFORD, CONN. — **J. Ross Stewart**, retired vice-president of the Aetna Fire and its subsidiaries, died at the age of 61. He had been inactive in the company's affairs for three years due to his impaired health and resigned his position in May, 1939, having completed 27 years of continuous service.

Mr. Stewart was a native of Uxbridge, Ont. He entered the insurance business in 1904 on the staff of the Canadian Fire Underwriters Association. Later he served as inspector for the Royal in western Ontario and in 1912 he became special agent for the Aetna Fire in charge of the Canadian field from Nova Scotia to Manitoba.

In 1923 he was called to Hartford and elected assistant secretary in direct charge of underwriting in Canada. Later Pennsylvania was added to his field. Mr. Stewart was elected secretary of the Aetna Fire and World Fire & Marine in 1927 and in 1929 he was made assistant secretary of the Century Indemnity. He was elected secretary of the Century Indemnity in 1932. In 1933 he was

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elected vice-president of the Aetna Fire and its subsidiaries.

Mr. Stewart was always active in insurance association matters and his ability was recognized by his Canadian associates who elected him vice-president of the Canadian Fire Underwriters Association. He had also served on the Board of Governors of the Middle Department Rating Association. He was a past most loyal grand gander of the Blue Goose.

Funeral services were held at the Asylum Hill Congregational Church of which he served as deacon for six years.

**Leon Trotsky**, exiled Russian revolutionist who met death at the hands of an assassin in Mexico City, in the course of his adventurous life spent some time in New York as an insurance broker. His clients were for the most part small east side merchants and householders, and his insurance business was limited in volume.

**Mrs. Mary Deming Bitting**, 84, widow of the late C. W. Bitting, founder of the Bitting & Foote agency of Wichita, and mother-in-law of C. K. Foote, present operator of the agency, died at the Foote home, just a week after the birth of her first great-grandson to Mr. Foote's son, Ross, and Mrs. Foote in Los Angeles.

**Frank S. Jones**, 75, member of the pioneer agency firm of Jones & Mitchell, Spokane, Wash., died there. Among those he started in the business are several field men and Pacific Coast department officials.

**H. J. Clark**, 53, for 25 years chief engineer of the Oklahoma Inspection Bureau, died after suffering from cancer for more than a year. His work with the bureau played an important part in regulating fire insurance rates in Oklahoma.

**Charles E. Belcher**, 69, owner and publisher of the "Standard," Boston insurance paper, died at his summer home in Allerton. A native of Chelsea, he

### Former Head of Kansas Agents Dies in Wichita



DUANE T. STOVER

Duane T. Stover, 49, secretary of the Harris, Burns & Co. agency of Wichita, Kan., since its organization in 1921, twice president of both the Wichita Insurors and Kansas Association of Insurance Agents and former national councilor from Kansas, died in a Wichita hospital from peritonitis following an emergency appendectomy. His widow, for many years associated with the Wheeler, Kelly, Hagny Agency in Wichita, survives. Funeral services were held in Wichita, attended by a large representation of field men and agents from over the state. Mr. Stover had been active in civic and fraternal affairs as well as in local, state and National association work.

attended Massachusetts Institute of Technology for a time and in 1892 became a reporter on the "Standard." In 1898 he was made business manager and 1903, on the death of Colonel Ransome, he became the owner of the paper.

**Peter E. Welsh**, 70, chief of the Boston fire department 1919-1922, head of the Boston fire prevention bureau 1926-1928 and head of the Boston Protective Department 1930-1935, died at the Boston city hospital.

**W. M. Sheehan**, chief justice of the Maryland second judicial circuit court and former Maryland insurance commissioner, died at Easton, Md., from a heart attack. He was insurance commissioner in 1915.

**John Findlay**, head of Findlay & Whiteman general agency, of Paterson, N. J., died Sunday at his home at Bloomfield, N. J. He was 70 years of age. He was born in Scotland and came to the United States as a child. He had been in the insurance business 35 years.

**W. J. Knights**, 87, local agent at Wild Rose, Wis., for 35 years, died there. He was one of the three men who founded the Gideons in 1899.

### According to PHIL

By Phil Braniff  
Insurors Indemnity & Insurance Co., Tulsa



Sometimes, usually at the close of a very unsuccessful day, there comes to a man that feeling of complete indifference concerning whether school keeps or not, whether the ducks fly south in the fall, whether Roosevelt runs again or who he runs again', whether the swallows come back to Cappa Swanna or wherever it is they come back to. As a matter of fact it is very likely that Mr. Roosevelt has evenings like that when he paces up and down the floor whistling, "I Can't Get Indiana Off My Mind!" Probably too the swallows of Cappa Swanna have amongst them some adventurous minded wingster which looks over the FHA prospectus and says, "Let's build a new hut." Even the ducks must some autumn feel like saying "Nuts to Remington and Winchester—let's fly west for the winter." But we are all creatures of habit, man and animal. We all do the things we are expected to do. We get up in the morning and shave hair off our chins that was meant to grow. We shave our chins because we have been taught to do so. Some day, years hence, men instead of shaving, may be wearing long beards and tying the strands in knots—who knows what.

And so, being a creature of habit, I come to the close of a very unsuccessful day and take a departing glance at my desk. Littered up with unanswered letters, unclosed files and a few telephone calls which I was unable to respond to. The day is at an end because it is five o'clock, and offices are closed. Those unclosed files and calls may have been the very things which made the day unsuccessful. Any one of them could have been the fellow I was hoping to meet—the man who would make my day successful—pay dirt. So I do the thing I am expected to—I mark them up for tomorrow—manana—the hopeful day.

Then on home—a walk through the city streets and down along the river drive—along the banks of a thirsty looking river. Once, not so very long ago, Indians walked along this river bank. Prairie chicken winged across their path and buffalo grazed on grassy hillsides. Perhaps the Indian muffed his shots and, putting the bow and arrow away said, "Boogie, woogie, pfettt!" or whatever Indians say when they mean "I'll do better tomorrow!" Anyhow, we are all creatures of habit and tomorrow is a great day. And speaking of Indians, I feel tonight like the buffalo probably felt as he rubbed his wounds, saying "tomorrow I'm going to get a couple o' bucks!"



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# The NATIONAL UNDERWRITER

August 29, 1940

## CASUALTY AND SURETY SECTION

Page Fifteen

### Paul vs. Virginia Decision Ignored by the Labor Board

#### Ruling Is Issued in Hancock Mutual Life Union Case

NEW YORK—Naturally insurance men are scanning with concern the decision of the National Labor Relations Board which has set aside the United States Supreme Court decision in Paul vs. Virginia which declared that insurance is not commerce, by issuing an order finding that the John Hancock Mutual Life is engaged in interstate commerce within the meaning of the law. This decision of the NLRB seems to indicate what has seemed to be a definite trend in Washington toward federal supervision of insurance.

In the John Hancock Mutual Life case the St. Louis office of the NLRB was ordered from Washington headquarters to supervise an election of its industrial life agents in the East St. Louis office and determine whether they wished to be represented by the American Federation of Industrial & Ordinary Agents Union, No. 21571, American Federation of Labor.

#### Final Order is Given

The local union has been endeavoring for a long time to get the agents to unionize so that they could come under its control. Mass picketing has started in order to bring influence to bear on the agents. At times there were 100 agents picketing the entrance to the John Hancock Mutual office at 417 Missouri Ave. Chairman J. W. Madden

(CONTINUED ON NEXT PAGE)

### Public Liability Equity Rule Banned in Nebraska

LINCOLN, NEB.—Insurance Director Smrha has refused to approve a recent rule of the National Bureau of Casualty & Surety Underwriters permitting equity rating of public liability policies covering property in which complete management and control is vested in a real estate agent, including repair and upkeep, payment of taxes and selection of employees. The rule also provided that the real estate agent should be considered the basic interest and the owner covered as an additional interest without further premium.

J. S. Logan, insurance department attorney, in advising T. A. Bryan, secretary Insurance Federation of Nebraska, of the director's decision, said that no conditions exist in Nebraska to justify the rule. He also questioned the insurable interest of real estate agents under these conditions and maintained that the rule would make for discrimination.

The rule has been put in force in most states by the bureau.

### Lack of Cooperation on Surety Salvage

#### Schisler Says Employers Are Unwilling to Prosecute Dishonest Employees

BALTIMORE—Surety companies are being caused considerable trouble by the unwillingness of employers to cooperate fully in the salvaging of fidelity losses, and their inclination, when a loss has been paid, not to prosecute the dishonest employee, J. H. Schisler, assistant manager and attorney Fidelity & Deposit claim department, said in a talk at the annual meeting of the National Fraternal Congress here this week.

This tendency has been especially true of fraternal societies who in some instances have continued a defaulter in good standing following discovery of his unfaithfulness and payment of the loss on his bond, he said.

"Such an attitude, when it exists," Mr. Schisler said, "naturally does not tend to impress upon the defaulter the seriousness of his misconduct, nor to inspire in him any effort to restore funds which he has misappropriated."

#### Increased His Territory

He cited a flagrant case of breach of trust by a local secretary and district manager of a fraternal society who embezzled \$4,500 that the F. & D. paid. The society refused to prosecute, continued the man and increased his territory. Efforts to collect from the man were unsuccessful. Another society, he said, employed at another location a local secretary who had embezzled funds, and refused information and cooperation.

Originally bonds gave protection solely against loss resulting from acts of larceny or embezzlement, Mr. Schisler said, but this did not give employers the kind of protection they wanted so today the larceny and embezzlement form seldom is used except on risks that are undesirable and unprofitable. The coverage clause now usually protects against loss through "larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, willful misapplication, or any other act of fraud or dishonesty." In some bonds the coverage is for loss through "any dishonest act."

#### Cover Entire Organization

It is not good practice for each individual lodge to arrange separately for bonds on its own officers, Mr. Schisler commented. Better protection at a lower premium rate can be secured if one bond is arranged for the entire organization. Sometimes local lodge officers, without intent to be dishonest, give members credit for payment of dues when payment has not been made, and report as paid dues that have not been paid. This may be construed as a violation of duties prescribed in the by-laws and a claim based on such a transaction is not covered by the ordinary fidelity bond form. Bonds now can be written which in addition to ordinary hazards cover loss resulting from failure of the officer faithfully to perform duties as described by the constitution and by-laws. Specific coverage also can be se-

### Program Complete for Annual Muster

#### Schedule of Events for Federation of Insurance Counsel Conclave

John A. Millener, secretary-treasurer Federation of Insurance Counsel, announces the completed program for the annual meeting to be held at Hotel Traymore, Atlantic City, N. J., Sept. 5-7. Scott Fitzhugh of Memphis is president, he being counsel for the Columbian Mutual Life. R. H. Matthias of the law firm of Ekern & Meyers, Chicago, will speak on "The Progress of Accident and Health Insurance." R. F. Wagner, Jr., New York attorney and member of the New York legislature, will speak on "The Outlook for Reform in the Medical Field." R. D. Bartlett of the law firm of Bartlett, Poe & Claggett, Baltimore, will speak on "Malpractice Suits and Their Defense." Assistant General Counsel R. L. Hogg, Association of Life Insurance Presidents, New York, has as his subject "Status of Insurance Agents Under Unemployment Compensation Acts." L. W. Dawson, vice-president and general counsel of the Mutual Life of New York, will speak on "The Relation of Home Office Counsel to Life Insurance Litigation."

#### Entertainment Features

Mr. Wagner is a son of United States Senator Wagner of New York and is one of the strongest proponents of state health insurance.

The evening of Sept. 5 there will be a dinner dance and the afternoon of Sept. 6, there will be a golf tournament at the Northfield Country Club. While the men are playing golf, a sail on the ocean has been arranged for the ladies and those who do not play golf. Those attending the convention will be present at the "Miss America Pageant" which will be in progress at Atlantic City at that time. On the afternoon of Sept. 7, "Miss America," the beauty queen for 1940, will be announced.

O. D. Duncan of Duncan & Mount, New York City, attorneys for London Lloyds, who was scheduled to read a paper, had to decline owing to pressure of work on him and his office on account of the war.

#### Await Report on National Bureau

NEW YORK—It will likely be close to the end of the year before the report of the New York department covering its examination of the National Bureau of Casualty & Surety Underwriters, upon which it has been engaged for seven months, is made public. The investigation reviews all minutes of the different divisional committees and analyzes the income and outgo each of the lines through a series of years.

cured for loss resulting from the act of an officer in making unauthorized advances, for delinquent members, for dues or investments provided these advances are not made or carried with the knowledge or consent of the other lodge officers. This is broader coverage and carries a somewhat higher premium rate.

### Fight to Save Suretyship from Emergency Discard

#### Cost Plus Fixed Fee Scheme Without Bonds in Big Defense Bill

Company executives and local agents throughout the country are making influence felt in Washington in behalf of an amendment to the \$5,000,000,000 appropriation bill in Congress for the defense program that would require the usual performance and payment bonds in connection with such work. H. R. 10263 provides for so-called negotiated contracts or cost-plus-a-fixed-fee basis in connection with which there would be no surety bonds token.

The Washington service office of the National Association of Insurance Agents, Association of Casualty & Surety Executives and executives of individual companies have assumed the initiative in apprising insurance leaders throughout the country of the situation and urging them to plead with their representatives in congress to support the amendment that is being offered to reinstate the bonding provision.

A great deal of interest centers about this situation, not only because of the substantial interest of surety people and agents in the immediate situation, but because of the fear that what is projected in an emergency may become standard procedure. In other words, the bill is regarded as a major threat to the contract bond business of today and tomorrow.

#### No Hearings in House

When the bill was under consideration no public hearings were held either by the appropriations committee of the house or by the sub-committee to which the measure had been referred. It was proposed that under navy contracts a stipulation be inserted whereby the government would assume liability for injury suffered by any employee of a contractor, save where such injury was the result of gross negligence, thereby placing the government in the insurance business, possibly for a term of years, should it be called upon to pay workers permanently disabled because of injuries sustained in the course of their employment upon public work.

The amendment desired by the surety people which is scheduled to be offered in the senate is:

"Delete lines 1 to 9 inclusive and insert in lieu thereof  
"Contracts for the construction of all public works and public utilities projects (including purchases and supplies therefor) provided in this title may be made by the Secretary of the Navy in the same manner as contracts authorized under Section 2 of Public Law No. 671: Provided, that the fixed fee to be paid the contractor as a result of any contract entered into under authority of

this title, shall not exceed 6 per centum of the estimated cost of the contract (exclusive of the fee as determined by the Secretary of the Navy); And provided further, that in determining the cost to the contractor, the Secretary of the Navy shall not include any recoveries due to accidents or damage to persons or property resulting from the negligence of the contractor or his employees, but nothing contained herein shall prohibit the Secretary of the Navy from including insurance premiums in determining the cost to the contractor; and provided further, that the Secretary of the Navy may accept materials required for any project authorized by this act to be located outside of the continental limits of the United States, at such place or places as he may deem necessary to minimize insurance costs."

Lines 1-9, which the amendment would eliminate are: "The provisions of section 4 of the act approved April 25, 1939 shall be applicable to all public works and public utilities projects provided in this title regardless of location provided that the fixed fee to be paid the contractor as a result of any contract hereafter entered into under authority of the above mentioned act shall not exceed 6 percent of the estimated cost of the contract, exclusive of the fee as determined by the Secretary of the Navy."

#### WAR DEPARTMENT STAND

WASHINGTON—It is contemplated that the insurance business under the entire national defense program shall be confined to American companies licensed in the states where the contracts are to be performed. The question of insurance was considered by the Senate appropriations committee during its hearings on the measure, when it was indicated that the aim of the proposal is to prevent any of the bonding and insurance business from going to Lloyds of London.

The amendment to waive the requirement for performance and payment bonds was sponsored by the war department, whose officials told the committee the requirement for such bonds would be unnecessary where contracts are let on a cost-plus-a-fixed-fee basis.

It was explained that the purpose of such bonds is to make certain that the contractor does the work required under his contract and pays his material men and subcontractors for the supplies and work they furnish him. War department officials explained, however, that before payment is made to a contractor on a cost-plus-a-fixed-fee contract an audit will be made of his books which will show whether the terms of the contract have been complied with.

Another amendment is expected to be offered to the bill when it comes up for Senate consideration, eliminating the requirement that contractors shall carry workmen's compensation and employers' liability insurance, but shall pay such losses as may be incurred and secure reimbursement from the government.

The war department cost-plus contracts are expected to be used in connection with much of the department's emergency construction for the new army, where time is an essential factor. The plan, however, will be used only where it is preferable to the present bid

## Death Calls Former Forceful Official

### President Alfred E. Forrest, North American Accident, Succumbs

Alfred E. Forrest of Chicago, president and general manager of the North American Accident and one of its founders, died in his apartment in the Park Central Hotel in that city Wednesday morning of this week, following a cerebral hemorrhage. He had been incapacitated since 1936 and since that time has not had much connection with his business. Mr. Forrest until that time had been a man of unusual physical vitality and took great pride in his appearance and the fact that he had beat back the processes of time and decay. That he should fall into decline was an ironical fling at his oft-repeated assertions of his very vigorous personal and physical condition.

#### Mr. Forrest's Career

He was born April 22, 1863 in Northumberland county, Ontario. After leaving school, he went to Chicago in 1883 and his first connection was an office boy with the Union News Co., of which the late John R. Walsh was the head. He later became connected with a fire insurance enterprise that was conducted by the late "Deacon" W. A. Lowell, who later purchased the old Western Fire of Aurora. He met C. H. Bunker who later became president of the old Metropolitan Accident and together

system and is not expected to be generally adopted.

Especially enlightening in view of the interest in the subject is the pamphlet published by the United States Printing Office in May of this year, written by W. M. Smith, who is special assistant to the chief of the bureau of yards and docks of the navy department. This is a commentary on the cost plus basis.

#### Experience in World War

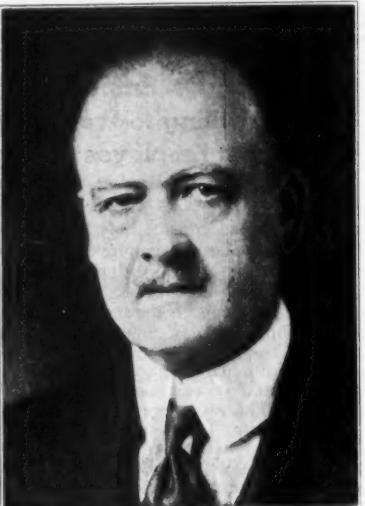
Mr. Smith states that in the world war the cost plus scheme was introduced as a means of avoiding "excessive cost" and "expediting the initiation of work on urgent projects." He said that under war conditions "excessive" costs were anticipated under the usual system of competitive bidding because of the unstable prices of labor and materials which would compel bidders to insert large contingent items in their quotations and impel them to boost their profit items.

The government in negotiating these contracts selected contractors of known responsibility and reputation, he said. He contended that work is expedited by use of the cost plus system through the avoidance of delay that is caused by the preparation of detailed plans and specifications where competitive bidding is required. Mr. Smith contended that in normal times and under normal conditions, competitive bidding is unquestionably more expedient. It allays suspicion of favoritism and graft and tends

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they operated a small accident mutual. This gave Mr. Forrest the taste for insurance. He had previously been in the office of E. C. Waller, prominent real estate man, who was agent for the Home and Rookery buildings.

Mr. Forrest interested Frank Gage in founding the North American Accident Association in 1899. Mr. Forrest rented a room in the Rookery and with two or three girls conducted his business. It is noteworthy that the company has always been located in this building. It was reorganized in 1899 as a stock company, Mr. Waller becoming president and Mr. Forrest vice-president and general manager. On Mr. Waller's death



ALFRED E. FORREST

in 1931, he became the president.

Mr. Forrest had some very definite ideas as to accident and health insurance. He was not allured by side issues. He stuck very closely to the beaten path. At one time he thought of having the company's charter amended so that it could write workmen's compensation insurance and other casualty lines. There was great pressure for him to issue a non-cancellable policy. He thought very earnestly of establishing a life insurance running mate. However, he concluded that there was a place in the sun for a company that wrote only accident and health insurance. He lived to see his institution grow into one of real stature. He watched its investments very closely and always insisted on a portfolio of quality.

#### Mr. Forrest's Qualities

Mr. Forrest had a real vision in business. He had a program and he followed it very religiously. He kept a close watch on all the activities of the North American Accident. He was the manager and yet he allowed other people in the organization to develop and gave them responsibilities. He was an excellent underwriter and pursued orthodox lines in this direction. He had the ability to pick excellent key men, and this was abundantly demonstrated by the fact that since he was unable to at

(CONTINUED ON PAGE 23)

## June 30, 1940 Statement Figures Filed in Georgia

	*Capital	Assets	Surplus
Amer. Credit Indemnity...	1,000,000	5,181,563	1,122,788
American Employers ...	\$ 1,000,000	\$ 12,357,083	\$ 3,000,000
American Surety	7,500,000	26,656,194	5,466,409
American Indemnity	1,000,000	4,529,544	700,000
Aetna Cas.	3,000,000	68,395,730	18,085,179
Commercial Standard...	550,000	3,809,137	460,456
Commercial Casualty ...	1,000,000	10,705,015	1,570,784
Central Surety	1,000,000	7,893,297	2,038,907
Employers Reinsurance	1,500,000	17,823,302	2,500,000
General Accident	550,000	38,939,453	12,423,625
General Reinsurance	1,000,000	16,316,354	5,337,401
Great American Indem...	1,000,000	18,524,668	4,698,075
Hartford Accident	3,000,000	84,454,320	†.....
Hartford Steam Boiler	3,000,000	20,515,517	7,423,719
Massachusetts Protective	1,000,000	11,390,325	3,675,444
Metropolitan Casualty...	1,500,000	11,196,208	947,742
Massachusetts Bonding...	2,000,000	22,864,846	3,414,663

	*Capital	Assets	Surplus
National Accid. & Health	200,000	645,892	277,568
New York Casualty...	1,000,000	3,447,294	7,082,053
National Surety	2,500,000	24,491,850	10,302,348
National Casualty	750,000	5,516,974	1,507,455
Ocean Accident	900,000	18,022,111	4,877,009
St. Paul-Mercury	1,000,000	13,518,414	3,913,806
Sun Indemnity	1,000,000	6,686,566	1,897,712
Travelers Indemnity	3,000,000	31,079,155	7,216,728
Travelers	20,000,000	1,069,673,865	41,723,080
U. S. Fidelity & Guar...	2,000,000	59,784,993	10,434,936
United States Casualty...	1,000,000	11,078,402	2,022,897
Virginia Surety	300,000	522,188	109,478
Western Cas. & Surety...	750,000	4,329,237	354,657
Yorkshire Indemnity...	750,000	3,213,293	834,095

\*Or statutory deposit.

†Not given.

## Discovery Bond and Prior Bond in Loss

Richard T. Wood, New York, manager bank division American Surety and J. W. Roleke, assistant manager of that company's Kansas City branch office have both written THE NATIONAL UNDERWRITER regarding a question and answer on the discovery form of fidelity bond which appeared in the paper July 18. The question and answer appeared in the report of the insurance conferences of Associated Industries of Missouri at Kansas City.

The hypothetical question stated that prior to March 1 an employee had been bonded under one of the usual fidelity bonds for \$4,000. On March 1 this was replaced by a discovery bond in another company in the amount of \$6,000. On May 10, within the "cut off period" of the terminated bond, the employer discovered a defalcation of \$10,000, all of which had occurred prior to March 1. The employer reported the loss to both bonding companies. The answer stated that employer can recover the entire loss, \$6,000 from the company writing the discovery bond and \$4,000 from the company writing the prior bond, on the ground that the loss occurred while the prior bond was in force and was discovered within the "cut off period" after termination, while the discovery bond also covered the loss, since the shortage was discovered while it was in force.

#### Intent of Discovery Bond

Both Mr. Wood and Mr. Roleke state that the intent of the discovery bond in a case such as this is to pay only \$2,000 of the loss. They state that the discovery bond does not cover any loss for which a superseded surety may be liable, except that the discovery bond shall cover any difference between its amount and the amount of the superseded bond, if the discovery bond is greater and if the loss exceeds the amount of the superseded bond. In other words, they take the position that under the terms of the discovery bond the maximum amount recoverable by the employer is the largest amount of discovery bond carried on the principal.

American Surety introduced the discovery bond a few years ago and has been the most active of the surety companies in promoting it. The provision regarding superseded suretyship in American Surety's form reads as follows: "If this bond shall supersede any other bond or policy, coverage hereunder shall not apply to loss recoverable in whole or in part under the superseded bond or policy and discovered within the period allowed therein, unless the coverage hereunder exceeds the superseded coverage, in which event the excess shall apply to loss exceeding the amount of such prior coverage."

Discovery bonds, like other individual, name schedule and position schedule fidelity bonds, are not standardized, hence, it is possible that the person answering the question at Kansas City may have had in mind a form with a different superseded suretyship provision.

## Paul vs. Virginia Decision Ignored

(CONT'D FROM PRECEDING PAGE)

and two other members of the NLRB signed the order demanding that an election be held within 30 days. A similar order was sent to the John Hancock Mutual branch office at Hoboken, N. J. The John Hancock Mutual objected to the action of the NLRB but it overruled the company finding that the company is engaged in interstate commerce.

The Cincinnati Accident & Health Association will open its fall program with a luncheon Sept. 10.

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## Program for Safety Congress Features Insurance Men

Among the numerous speakers on the program of the 29th National Safety Congress & Exposition to be held at the Stevens Hotel, Chicago, Oct. 7-11, are many insurance men from all parts of the country. Those scheduled thus far include: H. R. Ohlmeister, industrial hygienist Fidelity & Casualty, Chicago, on "Lead," American Society of Safety Engineers, engineering section; Frank Morris, assistant vice-president Liberty Mutual, Boston, "What Are the Common Causes of Accidents in Public Buildings and How They Can Be Corrected," building maintenance section; R. C. Stratton, supervising chemical engineer Travelers, Hartford, "What Are the Facts of the 1939-40 Chemical Section Safety Contest," and R. B. Shepard, electrical engineer Underwriters Laboratories, New York, "Hazards and Proper Maintenance of Portable Electrical Equipment," chemical section; Dr. D. B. Armstrong, third vice-president, and W. G. Cole, director safety bureau Metropolitan Life, New York, "Home Accidents: Where, How and Why?" and D. M. McCracken, director traffic and safety bureau Liberty Mutual, Boston, "Child Misbehavior and Street Accidents," at the joint session with the home safety committee.

Mr. McCracken will preside at a panel discussion on commercial vehicle safety; T. A. Fleming, director of conservation National Board, New York, "What Fires of Last Year Have Taught Us"; A. L. Brown, chief engineer inspection department of Associated Factory Mutuals, Boston, "Spontaneous Ignition and Its Control," and H. E. Lange, assistant engineer Underwriters Laboratories, Chicago, "Precautions to Be Taken by Users of Hand Fire Extinguishers," are all with the fire control and prevention section.

### "Information Please" Type of Panel

Mr. Brown and S. E. Whiting, vice-president and consulting engineer Liberty Mutual, Boston, will participate in a panel discussion before the food section patterned after "Information Please." Dr. Armstrong and Mr. Cole will talk on "Home Accidents: Where, How and Why?" at the home safety section. E. A. Roberts, district engineering manager American Mutual Liability, Atlanta, will participate in a panel discussion before the maintaining interest in safety section, and before the meat packing, tanning and leather industries section, William Dunn, district engineering manager American Mutual Liability, Chicago, will talk.

The occupational disease section will hold a panel discussion presided over by W. S. Paine, manager engineering department Aetna Casualty & Surety, Hartford. R. H. Balensifer, safety engineering manager Hardware Mutual Casualty, Stevens Point, Wis., will represent the insurance companies before the off-the-job accidents section of the safety congress.

### Reviews Past Year's Accident Experience

Speaking on "Review of 1939-40 Accident Experience," F. W. Braun, vice-president and chief engineer Employers' Mutuals, Wausau, Wis., will appear before the paper and pulp section. The joint session with the wood products section will be presided over by J. C. Wilson, vice-president Lumbermen's Mutual Casualty, Chicago. R. W. Laughlin, safety engineer Liberty Mutual, Portland, Me., will speak on "A Bag of Safety Tricks."

"Accident Prevention Through the Eyes of an Insurance Executive," will be given by R. M. MacDonald, superintendent safety engineering department, Zurich, Chicago, before the petroleum section, and "Practical Methods of Safeguarding Fast Power Presses" by W. A. Vollmer, safety engineer Employers Mutuals, Wausau, before the power press section. The refrigeration section

## Countersignature Ruling Is Asked

RICHMOND, VA.—A question has been submitted to the Virginia department for ruling which illustrates the complexities of the counter-signature law of this state which was upheld by the United States Supreme Court. Under the Virginia law a resident agent countersigning a policy for a non-resident agent gets 50 percent of the commission. In certain forms of casualty insurance, especially workmen's compensation, where the record of the policyholder has not been favorable, frequently an understanding is reached between the company and agent whereby the company will agree to assume the liability provided there is a reduction in the commission. The agent rather than lose the risk, knowing that if he does it will be an entering wedge for the other lines that he writes for the policyholder, agrees to the reduction.

A case has arisen where the resident Virginia agent demands half of the ruling commission on compensation insurance of 17½ percent despite the fact the non-resident agent agreed to accept 2½ percent commission. This is regarded as very unfair and a ruling is asked as to whether the law contemplates giving the resident countersigning agent 50 percent of the commission where it is reduced by agreement and on account of a high loss ratio.

### Palmer Gets 30 Days Extension in Illinois Suits

Insurance Director Palmer of Illinois has been granted an extension of 30 days until Sept. 23 in which to make the necessary filings in the suits brought in Chicago by Continental Casualty and American Automobile to restrain him from enforcing a ruling that covers a number of automobile insurance practices. Under the insurance code, the department in proceedings such as this for a review of an order must file a transcript of any proceedings that were conducted prior to the issuance of the order, together with a copy of the order and other matter that would constitute an answer.

The Continental Casualty suit was brought jointly with Clark E. Nolan, president of the Insurance Brokers Association of Illinois and a trucking concern. It attacks the prohibition of use of equity ratings of automobile fleets and also several of the other provisions. The American Automobile suit does not attack the ban on equity ratings but it does attack a number of the other provisions.

Meeting will have among its speakers, R. C. Ledbetter, manager safety engineering department Texas Employers' Insurance Association, Dallas, "Hazards of Car Icing and Their Elimination."

A discussion before the rubber section will be led by Dr. J. N. Shirley, medical director Arrow Mutual Liability, Newton, Mass., and "Important Factors in the Testing of Belts" will be the subject of S. V. James, engineer Underwriters' Laboratories, Chicago, at the safety belts section. D. G. Vaughan, engineer Aetna Casualty & Surety, Hartford, speaks before the street and highway traffic section on "Use of Statistics in Public Safety Education," as does Mr. McCracken on "Child Misbehavior and Street Accidents." A roundtable discussion will be held at the textile section meeting, the leader being Mr. Roberts, while the wood products section meeting will be under the chairmanship of Mr. Wilson.

### Wynkoop Newark Manager

J. F. Wynkoop has been appointed manager of the Newark division of the Maryland Casualty, succeeding the late E. F. Cooke. He has been in the claim department at the Philadelphia office since 1920.

## Presiding Chairman Ky. Puts Crimp in Equity Rating

Commissioner Goodpaster of Kentucky has issued a ruling that any commission reduction that is put into effect in connection with the application of equity rating must be on a basis that is uniform and nationwide as to stipulated classifications of risks. He makes this important reservation in connection with a bulletin announcing that "equity rates promulgated upon established principles by the National Bureau of Casualty & Surety Underwriters are hereby approved. . . ."

Apparently the Kentucky ruling applies to equity rating in any class of business. Kentucky is the second state that has recently taken a position that tends to remove the element of flexibility from equity rating procedure. Illinois undertook to outlaw automobile equity rating entirely and announced that any kind of an experience rating plan must be based upon a formula that is uniformly applied. However, the Illinois ruling is now before the courts and a temporary restraining order is in effect.

If the Kentucky ruling should stand, it would mean that a system of graduated commissions would be introduced—a scheme that has been stoutly opposed by organized agents. Individual agents are willing to sacrifice commissions here and there as a means of saving a line which they can do under the equity rating procedure, but the organized agents are very much opposed to a definite system of graduated commissions that would be uniformly applied.

Equity rating of automobile risks was adopted by the National Bureau of Casualty & Surety Underwriters in 1928 and has since been in operation in most states. It is not sanctioned, however, in New York, Massachusetts, Texas and Virginia.

The Kentucky department has also ruled that individually owned school buses under contract with county boards of education may receive cut rates if they are brought together in a group of at least five and treated as a fleet. To a limited extent, therefore, the Kentucky department legitimizes fictitious fleets. The department took this action after receiving the opinion of the attorney-general.

### Allows Limited Certification

Commissioner Rouillard of New Hampshire has issued a statement of his policy regarding the insurance certification of non-resident motorists who become subject to the financial responsibility laws of New Hampshire. The motor vehicle commissioner will accept limited certification on account of such persons provided the non-resident agrees to operate in New Hampshire only those automobiles owned by him. He will not be required to have the broad form of drive other cars coverage added to his policy.

### Caught by Movie Camera

Through the use of motion pictures showing Elmer Hayes of Atlantic City changing a tire, gardening and doing other strenuous work, his claim for additional compensation because of alleged increasing disability was denied by Deputy Commissioner D. A. Spair of the New Jersey Workmen's Compensation Bureau.

### Ehrmanntraut N. Y. City Manager

NEW YORK—W. B. Ehrmanntraut has been appointed manager of the metropolitan branch of the American Surety, which post he will assume September 1. M. L. Jenks continues as vice-president in charge.

Charles R. Page, president of the Fireman's Fund group, was one of the guests aboard the New Zealand clipper when it left Los Angeles Aug. 23. This is the last sightseeing trip of any of the Clippers on the New Zealand run, and when they leave next it will be with a paying load.



HARVEY R. PRESTON

Harvey R. Preston of Springfield, Mass., former president Massachusetts Association of Insurance Agents, will preside over the large premium group of the National Association of Insurance Agents discussing agency operation and management at the Buffalo convention the morning of Sept. 19.

## Medical Protective to Move Offices to Fort Wayne, Sept. 3

FORT WAYNE, IND.—Medical Protective, which specializes exclusively in writing civil malpractice insurance, will move its office here from Wheaton, Ill., where it has been located since 1931. Operations will begin Sept. 3, in the Medical Arts Building, which is owned by the company. Earlier this summer Byron H. Somers, president and general manager, had announced that part of the firm's departments would be transferred, but since then it was decided to transfer the entire organization as the office building in Wheaton does not lend itself to the expansion necessary.

### To Occupy Three Floors

Medical Protective will occupy three floors of the Medical Arts Building at Berry and Webster streets, where extensive remodeling is nearing completion. The officers have completed preparations for the opening and all are established as local residents of Fort Wayne.

The company was organized in this city in 1909 and was moved to Chicago in 1926. Five years later it moved to its present location in Wheaton. It is licensed in California, Illinois, Indiana, Iowa, Kansas, Kentucky, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Jersey, Ohio, Pennsylvania, Texas and Wisconsin.

### Bar Short Wave Solicitations

LOS ANGELES—The Casualty Insurance Adjusters Association of Southern California was informed at its meeting that the state railroad commission is ready to proceed against any garages using short wave radios to solicit business. The adjusters were requested to report any such cases they found.

Superior Court Judge John Beardsley gave the adjusters some insight into the workings of the court of domestic relations, over which he presides.

Miss Mary Ruth Murphy, office secretary of the Fidelity & Casualty, Little Rock, and J. H. Chestnut, with the General Exchange in Little Rock, were married at Hot Springs, Ark.

## CHANGES

### Platt to Be Travelers Manager at Los Angeles

M. N. Platt, manager compensation, liability and automobile lines in the 55 John street, New York, branch office of Travelers, will be transferred to the Los Angeles office as manager of casualty lines.

Mr. Platt has been 27 years in the insurance business, all with Travelers. He began in the audit department in 1918, later became payroll auditor, attended the home office training school for casualty agents, served as special agent in New York, Bridgeport and Denver, where he became manager in 1917. He was transferred to Kansas City as manager in 1920 where he made a brilliant record, increasing production nine times its previous amount. In 1936, Mr. Platt was made manager of the Hartford branch office. Three years later he was sent to New York in his present capacity.

### Coates Retires in Detroit from Hartford Steam Boiler

L. L. Coates, for the past 12 years manager Detroit department of Hartford Steam Boiler, terminates 33 years with the company by retiring from active duty Sept. 1. Starting as a special agent in Chicago in 1907, after considerable teaching and administrative experience in Michigan schools, Mr. Coates was made resident agent in charge of the Detroit office in 1917 and was appointed manager of the Detroit department when it was established in 1928.

### Kerrigan Named to Succeed

W. H. Kerrigan, for ten years associated with the Detroit department, has been named to succeed Mr. Coates. Mr. Kerrigan first joined the company in 1922 as clerk in the Philadelphia office, and was transferred a year later to the Detroit department as special agent. In 1939 he was promoted to assistant manager. The Detroit department serves Michigan and parts of Indiana and Ohio.

### Baumberger's Field Enlarged

H. E. Baumberger, for the past ten years Virginia state director for State Farm Mutual Automobile of Bloomington, Ill., will become on Sept. 1 director for an enlarged territory that includes Virginia, Maryland and Delaware. He has been Virginia state director ever since State Farm entered the state. He will continue to keep his main offices in Richmond.

Prior to joining State Farm Mutual, Mr. Baumberger was state agent in Maryland and Delaware for Farm Bureau Mutual of Ohio.

### Schnoor Assistant Manager

L. M. Schnoor has been appointed assistant manager, fidelity and surety lines, of the Columbus branch office of Travelers. He is a native of Oak Harbor, O., and has had about 14 years experience in the fidelity and surety field, 11 as manager. He resigns as manager of the Glens Falls Indemnity at Columbus.

### Beanland Takes Royal Post

W. C. Beanland has been appointed special agent in the Cleveland office of Royal Indemnity. He will be associated with J. H. Parks, manager.

### Cincinnati Safety Work

CINCINNATI—In an effort to curb drunken driving and reduce the city's high traffic fatality ratio, the Cincinnati police department has assigned a lieutenant and 12 patrolmen to the traffic safety bureau where they are being trained to take pictures of drivers suspected of being intoxicated. Pictures will be made at the scene of accidents, at hospitals, and at police stations. They

will work in three shifts, assuring 24 hour service.

H. H. Rutledge and F. E. Moser, Cincinnati, operating as the Rutledge & Moser agency, have moved from 201 to Suite 704 St. Paul building. The agency specializes on workmen's compensation service.

## SURETY

### Stock Exchange Men Studying the Bond

NEW YORK—Members of the New York Stock Exchange have before them for study the special form of bond prepared by a committee of surety company executives, designed to indemnify exchange firms for any loss that they or their customers may sustain through fraudulent or dishonest acts of any of the firm's partners.

The desire for some such form of protection was evinced by exchange houses fully a year ago, since which time representative stock brokers and surety underwriters have been working jointly toward the preparation of a satisfactory type of bond. The form now submitted has been approved by the counsel of the exchange, and the reaction of its membership should be known before Oct. 1, that being the date fixed by Charles Klem, assistant secretary of the exchange, in his letter to the membership explaining the scope of the bond, and inviting comments and suggestions thereon.

### Big Coast Cantonment Projects

LOS ANGELES—Ford J. Twain Co. and Morrison-Knudsen were the low bidders for the construction of the U. S. army cantonments at Camp Ord, Cal., with a price of \$2,731,000, and have been awarded the contract. The contract calls for the construction of 576 buildings, with necessary water, sewer and other accessories, the buildings to have a floor space in excess of 1,670,000 square feet. The contractors have 90 days to complete the job.

Pacific Indemnity and Fidelity & Deposit were on the bid bond for the firms and will write the performance bond for 50 percent of the contract price and the payment bond for 40 percent. Other companies are to participate in the bond.

A. B. Luckie, formerly with the F. B. I. and now with the Lockheed Aircraft Corporation, addressed the Surety Underwriters Association of Southern California in Los Angeles.

## COMPANIES

### Perfect Kentucky Farm Company

LOUISVILLE—The Kentucky Farm Bureau Federation has formed an automobile insurance division and will meet in Louisville Friday to perfect organization plans which follows two years of investigation and study by the board of directors, it was announced by Ben Kilgore, executive secretary.

Insurance will be limited to members of the organization. The plan has been approved unanimously at district and county meetings, and 2,000 charter members obtained, Mr. Kilgore reported.

Present plans call for an arrangement with the Farm Bureau Mutual of Indiana whereby Kentucky members can obtain policies in a Kentucky branch of the Indiana company, and the Kentucky branch will become a separate company after 5,000 policies are obtained.

### New Name Is Adopted

CINCINNATI—American Underwriters Mutual Casualty is the new name adopted by the Community Mutual Casualty, which is planning to enter several additional states other than Ohio. The

company was organized in 1937 to write automobile as the Atlas Mutual Casualty, the name being changed when several smaller companies were reinsured. J. C. Weigel is president and A. W. Tischler secretary-treasurer.

### National Automobile in Texas

The National Automobile of Los Angeles has entered Texas and has opened a branch office in the Esperson building, Houston. It will write all major casualty, fidelity and surety lines. For the last 21 years, it has confined itself largely to California. As of July 1, its assets were \$6,377,403; capital \$300,000; net surplus \$1,164,559. Premium reserve was \$1,754,600 and claim reserve \$2,581,846. Total gross premiums last year were \$4,112,493 and net losses incurred \$1,312,438. Its net premiums were \$4,000,355.

P. R. Clark has been appointed manager at Houston. He was formerly with the U. S. Fidelity & Guaranty and the Employers Casualty. W. H. Davies, superintendent of agents, has charge of the organization work. He is well known in the business.

The New England Casualty and Occidental Indemnity have been licensed in Maine.

### Forces 28,683 Drivers to Insure

COLUMBUS, O.—Since the Ohio financial responsibility law went into effect Aug. 20, 1935, 1 percent of the automobile operators have become involved under it. In the last five years 28,683 drivers have been deprived of their driving rights or have been compelled to provide proof they can pay any damages the next time they get into trouble.

Two Ohio insurance companies are now specializing in the writing of liability policies for those who are threatened with the loss of their rights, although at first insurance companies were fearful that the risk would be too great.

**PERSONS**  
E. J. MacLeod, vice-president of New Amsterdam Casualty, is making a business trip on the Pacific coast.

D. T. Harper, surety manager for United States Fidelity & Guaranty in Chicago, has returned to his office from a five weeks' sojourn on his 110-acre farm on Chesapeake Bay in Calvert county, Md. Mr. Harper, who has spent most of his life in Baltimore, went into the farming business as an avocation several years ago. So far, at least, he has gotten considerable enjoyment in spending vacations on the farm, but he has found the surety business more profitable. Mr. Harper has been with U. S. F. & G. 30 years, starting at the age of 15.

B. D. Pokrass, formerly underwriter in the Richmond, Va., branch office of the Aetna Life group, and Miss Clarice B. Ford, secretary to R. R. Willey, manager of the claim department of that office, will be married in Washington Sept. 7. Mr. Pokrass is now with the Merriman agency in Greensboro, N. C.

Leon W. Biser, assistant to Vice-president C. C. Conlon of the United States Fidelity & Guaranty, has been in Los Angeles, making his headquarters at the branch office there.

M. E. McFarland, assistant underwriter in the Los Angeles branch office of the Fidelity & Casualty, will be married Aug. 30 to Miss Esther Freese. The F. & C. office tendered Mr. McFarland a kitchen shower.

Kay E. Carpenter, Chicago manager of Commercial Standard, has been vacationing in Mexico City. W. B. Todd, executive vice-president of the company, has returned from vacation of several weeks in the mountains of New Mexico.

C. J. Crockett, manager bonding department of the Maryland Casualty at St. Louis, is one of the three living

## Yes-Sir

our Agents can write all the popular automobile coverages in a good and broad policy, but—far more important than that—they know they have dependability and loss-paying service that will make them a stand-out in any community.

## ILLINOIS CASUALTY COMPANY

SPRINGFIELD—The PICKERING COMPANY

In its 25th Year Insuring Automobiles

### Special Agents:

FOR IOWA.....Frank B. Gustafson  
NORTHERN ILLINOIS.....D. A. LaShelle  
SOUTHERN ILLINOIS.....R. H. Miller

Service Office for Chicago—Home Owners Agency

## ACCIDENT AND HEALTH

### New Combination Policies Offered by Provident L. & A.

grandsons of Davy Crockett, famous Indian fighter and one of the defenders of the Alamo in San Antonio. C. J. Crockett entered insurance in 1907. He was one of the organizers of the Southern Surety, and for 25 years was assistant secretary and manager of its fidelity and public bond department.

Julian S. Neal, assistant manager in Chicago of Fidelity & Deposit, and Mrs. Neal recently became the parents of a daughter, Judith Ann, born in Evanston Hospital, Evanston, Ill. Mr. Neal at the time was just completing recovery from an operation.

George L. Dyer, Jr., Columbian National Life, St. Louis, second vice-president of the National Accident & Health Association, recently returned from five weeks' training at Fort Leavenworth with the Reserve Officers Training Corps.

### DEATHS

C. E. Beasley, adjuster at the Fourth street, Philadelphia, branch office of Travelers, died from pneumonia brought on by a heart condition. He had been ill in the Cooper Hospital, Camden, N. J., for several months. Leaving Texas, where he had practised law, he entered the employ of Travelers in 1925, and became an adjuster in 1934.

William B. Montgomery, 71, president Benefit Association of Railway Employees and publisher of the Railway Employees Journal, died at his home in Kenilworth, Ill., after an illness of several months. He had been president and chairman of the board of the association since 1933 and had been connected with it since its founding, 1913. It was originally organized to write accident and health insurance for railway employees but branched out into the general field and recently has been writing considerable hospitalization. Mr. Montgomery went to Chicago from California where he had helped found and had been connected with the Order of Railway Employees 1906-1913. Before that he had been general agent for several companies in California, always specializing in accident and health insurance. After finishing school, his first job had been with a railroad company from which he turned to the insurance business. He was born in Irving, Kan. His stepson, F. B. Ahara, is vice-president of Benefit Association of Railway Employees.

### Steuer and Insurance Incidents

Max D. Steuer, whose death occurred while vacationing at Jackson, N. H., was one of the most famous lawyers of New York City. He was counsel for the Commercial Investment Trust in 1936, when its offer of purchase of National Surety was challenged by certain stockholders of the latter institution. His arguments were sustained by the court. He failed to score when, some two years earlier, acting as independent counsel for a group of bondholders of mortgage companies taken over by the insurance department for rehabilitation, he denounced the procedure of Superintendent Pink, and demanded his removal from office. The position of the superintendent was fully sustained by a legislative committee appointed to review the entire mortgage bond problem.

During the progress of negotiations for the purchase of National Liberty by Home in 1928, Ralph H. Jonas, representing the former company, remarked in the course of a side conversation when mention was made of the \$1,000 a day income of Mr. Steuer: "Oh, pshaw, it's 15 years since I made as little as that."

### Non-Profit Subject to Tax

SAN FRANCISCO—Hospital associations of California, operating under Chapter 11A of the insurance code, must pay the gross premium tax the same as other insurers, regardless of a section of the law which indicates that certain non-profit institutions are exempt, Deputy Attorney-general Cunningham holds.

and life insurance, but a retirement fund for later years. Premiums on the entire plan are waived during the period of permanent and total disability in accordance with the policy terms.

Second in the series is known as the "complete indemnity" plan, which is offered to both employed men and women. Sickness indemnity starts on the eighth day and continues for as long as one year. The other features are similar to the non-cancellable disability policy except that hospital indemnity is limited to \$100 a month for women, and waiver of premium is not included on the accident and health portion of the premium.

The third in the series is the "complete accident" plan combined with life insurance to provide various indemnities. These include monthly indemnity from first day, as long as four years, for accident total disability, with two-fifths partial for six months, reimbursement for doctor's bills for non-disabling injuries (not to exceed seven days indemnity); hospital indemnity or nurses' fees, one-half monthly indemnity additional for two months, and surgical operations according to schedule.

If preferred, the policyholder may

elect the medical reimbursement coverage which is added to the policy by endorsement, and pays all medical, surgical and hospital expense up to \$500 to \$2,000. It also provides air travel coverage.

### Chicago Association's Program for Year Announced

Program plans for the Chicago Accident & Health Association for the coming season, presented by President Donald E. Compton, Provident Life & Accident, were approved by the executive committee at a luncheon meeting Tuesday at the Edgewater Beach Hotel. The trip from the loop to the Edgewater Beach and return was made in the cabin cruiser of W. Clement Stone, Combined Registry Co., association secretary, who was extended a rousing vote of appreciation for his hospitality.

The season will open with a special Hoodoo Day program for producers Sept. 10. The luncheon meeting will start at 12:15 in Room 13 of the Boston Oyster House. After a short business session two 13-minute talks will be given by J. Robert Johnson, Chicago broker, radio commentator and charter member of the Black Cat Club, on the "Challenge of Hoodoo Day," and Frank Bentley of Moore, Case, Lyman & Hubbard.

## BITUMINOUS CASUALTY CORPORATION

ROCK ISLAND ILLINOIS

### FINANCIAL STATEMENT

June 30, 1940

#### ASSETS

BONDS: (Amortized Values)	
United States	
Government	\$2,829,538.12*
Political Subdivisions	
of States	30,686.09
Railroad	153,610.87
Public Utility	22,170.56
Industrial	29,877.07
<b>TOTAL BONDS</b>	<b>\$3,065,882.71</b>
STOCKS: (Market Values)	
Preferred—Railroad and Public Utility	\$ 172,512.00
Common—Public Utility	30,825.00
<b>TOTAL STOCKS</b>	<b>203,337.00</b>
Commercial Acceptances	24,946.88
Cash	2,765,375.81
Premiums in Course of Collection less than 90 days due	969,655.88
Accrued Interest on Bonds	20,494.31
<b>TOTAL ADMITTED ASSETS</b>	<b>\$7,049,692.59</b>

#### LIABILITIES

Reserve for Claims	\$3,237,227.63
Reserve for Unearned Premiums:	
100% Advance Deposits (Guarantee for Payment of Monthly and Quarterly Earned Premiums)	\$1,154,782.16
Unearned Portion of Annual Payment Basis Policies	673,828.90
<b>TOTAL UNEARNED PREMIUMS</b>	<b>\$1,828,611.06</b>
Reserve for Taxes and Reinsurance	81,419.33
Reserve for Commissions and Other Expenses	306,942.00
Reserve for Unpaid Dividends	20,000.00
Voluntary Contingency Reserve	75,492.57
<b>TOTAL LIABILITIES</b>	<b>\$5,549,692.59</b>
Capital	\$ 500,000.00
Surplus	1,000,000.00
<b>SURPLUS AS REGARDS POLICYHOLDERS</b>	<b>1,500,000.00</b>
<b>TOTAL LIABILITIES, CAPITAL AND SURPLUS</b>	<b>\$7,049,692.59</b>

\*United States Government Bonds carried at \$331,121.62 in the above statement are deposited as required by law.

Market value of bonds \$2,955.99 in excess of amortized value.

United States Government Bonds and Cash represent 79% of the Total Admitted Assets.

No Bonds in default as to principal or interest.

**WORKMEN'S COMPENSATION SPECIALISTS SINCE 1917**  
**PUBLIC LIABILITY • ELEVATOR • OL&T • PROPERTY DAMAGE**

reputed to be the fastest talking accident and health salesman in Chicago, on "Accident and Health—the Heart of My Business." A timekeeper will be named to see that the talkers do not exceed their 13-minute limit. Mr. Johnson will also broadcast a special Hoodoo Day message over radio station WCFL the same evening.

The schedule outlined for the regular meetings includes addresses by two outside speakers, round table discussions on claims, underwriting and probably on group and franchise business, and a model agency meeting to be staged by one of the association members and his agents. Special activities include the accident and health executives dinner, which is expected to be one of the big events of the year; Christmas party, an evening meeting and smoker in February, sales congress and an Accident & Health Week observance.

President Compton announced the appointment of A. D. Anderson, Continental Casualty, as chairman of the educational committee, to cooperate with the educational committee of the National Accident & Health Association.

### Control of Boston Casualty Contested by Stockholders

BOSTON—Suit has been filed in the equity session of the Middlesex superior court at Cambridge by Annie F. Percival and other recent stockholders of the Boston Casualty against H. V. Madden, treasurer; G. A. McRae, secretary; W. L. Smith, Jr., an employee, alleging that they conspired to secure control of the company by buying stock at low figures through misrepresentation at a time when the directors had voted 6 to 2 to sell the company to E. E. Rice of Boston at a much higher figure. It is charged that Mr. Madden and Mr. McRae used Mr. Smith to pick up the stock, that he did so through misrepresentation and that Mr. Madden and Mr. McRae sought to prevent sale of the company to insure their own continuance in office and control of the company.

An injunction is asked to prevent the transfer of the stock secured by the defendants and to prevent holding of any meeting of the company to bring about any change in officers.

#### Bannan Also Defendant

W. J. Bannan, Waltham, who was been counsel for the company and a director, who represented the minority stockholders in their suit on petition of the defendants, has been also made a defendant in the case on the allegation he had other interest than that of his clients in the case.

Early in the year Mr. Rice, a Boston general agent, made an offer of \$38 a share for a majority or all of the stock, which the directors voted to accept. It is claimed that immediately Mr. Madden and Mr. McRae began buying up the stock of smaller holders for various sums of from \$15 to \$25 per share and thereby secured a majority of the stock before the Rice deal could be consummated.

The case has been set for trial early in the September session of the Middlesex superior court.

#### Occupy New Home Office Soon

The Mutual Benefit Health & Accident and United Benefit Life are moving into their new home office building in Omaha the week-end of Sept. 7.

An agency convention will be held in connection with the dedication Sept. 26-27 with nearly 3,000 managers, agents and guests from every state in the Union, every province of Canada, Alaska and Hawaii in attendance. More than 2,000 agents have qualified for attendance in a sales drive which started Jan. 1 and ended Sept. 1. A special train starting from Chicago the afternoon of Sept. 25 will carry about 250 representatives from that city and points farther east.

The new building is air-conditioned throughout and has the most modern home office equipment in every respect.

A conveyor system has been installed for the exchange of correspondence and other papers, covering the five floors and two basements. There is an auditorium on the second floor which will seat 500 people, and a special law library. An unusual feature is a penthouse on top of the building for the use of visiting managers. It contains a big living room, with fireplace, and four bedrooms. There is a roof garden immediately around the penthouse and also recreation courts on the roofs.

#### N. Y. Club Outing Sept. 14

The Accident & Health Club of New York will have its annual outing at Schmidt's Farm, Westchester County, Sept. 14. A softball tournament will be an innovation this year and a cup will be awarded to the captain of the winning team. Captains will be H. M. George, U. S. F. & G.; J. J. Farrell, Metropolitan Life; F. T. Curran, Loyalty group; W. H. Schmidt, Travelers; W. F. McCarthy, Equitable Society, and J. LeRoy Clark, Hooper-Holmes Bureau.

The annual golf tournament will be held in the morning under the chairmanship of J. R. Garrett, National Casualty. Mr. Clark will have charge of handball, Mr. Schmidt of baseball, and Hugo Henn, Indemnity of North America, will run the horseshoe-pitching contest. Leon Ruddy, Travelers, will take motion pictures of the outing. J. M. Boyle, Continental Casualty, is in charge of arrangements for luncheon and dinner. After the dinner, W. T. Hammer, Commercial and Metropolitan Casualty, vice-president, will award the prizes.

#### Mutual Benefit Wins N. C. Case

The Mutual Benefit Health & Accident will not have to pay a \$7,500 accident policy carried by Dr. L. R. Gorham, 57-year-old dentist of Rocky Mount, N. C., found dead in a chair in his dental office with a pistol bullet wound in the head, according to an opinion of the United States circuit court of appeals for the fourth circuit, affirming judgment of the district court at Wilson, N. C. His widow sued to recover on the policy and endeavored to establish that her husband was the victim of foul play. In the opinion of the appellate court, it was clearly a case of suicide.

#### Detroit to Boost Hoodoo Day

DETROIT—The first activity of the Detroit Accident & Health Association for the current year will be the promotion of a sales drive for Hoodoo Day, Friday, Sept. 13, President H. H. Jones, Commercial Casualty, announces. A "pep" meeting to launch the drive will be held early in September as the first move of the new administration.

#### Travelers' Leaders

W. B. Watkins, Cleveland, is leading agent for the Travelers in its accident department in the leap year campaign for new accident risks. Mr. Watkins, in his 34 years of service with the Travelers, has led the company in accident sales many times. C. R. Lively, Grand Rapids, ranked second and E. W. Heckel, Newark, third.

L. H. Libby, for ten years an agent of the Massachusetts Mutual Life in Springfield, Mass., will become manager of the underwriting department of the D. F. Nesbitt agency of the Columbian National Life in Boston, giving especial attention to production of accident business. He is president of the Springfield C. L. U. chapter.

#### Druggists Policy Broadened

NEW YORK—Not the least attractive of the various broadened forms of coverage and rate reductions sanctioned by the National Bureau of Casualty & Surety Underwriters for use by its members is that granted for retail druggists risks. Under the new arrangement druggists are covered as part of the products liability assumed, against loss through malpractice as well as for goods purchased or consumed either on or away

from the premises, protection broader than would have been had under several separate contracts previously. Agents in New York state have been advised by their companies of the withdrawal of the old druggists liability policy, and instead have been supplied with copies of an endorsement form under which the additional hazards are provided for.

#### Bad Year for Claim Fakers

In the first six months of 1940, 91 persons were convicted on criminal charges arising from fraudulent claim racketeering, according to the Claims Bureau of the Association of Casualty & Surety Executives. In addition, nine attorneys were disbarred and six suspended from practice for violating the regulations which make ambulance chasing and similar illegal claim activities unethical practices.

The operations of a number of fake accident rings and at least one famous ambulance chasing ring were brought to an end. Outstanding among these were fraudulent claim organizations in Dallas, Texas, and Omaha, Nebraska, and the ambulance chasing ring in New York City.

#### Holds Commissions Are Earned

Commissions of the attorney-in-fact for an interinsurance exchange or recipi-

cal are earned when the policy is sold, and need not be returned if the policy is canceled, according to the St. Louis court of appeals in the case of General Service Corporation vs. Allhoff Brothers, Inc. Plaintiff was the incorporated attorney-in-fact for General Indemnity Exchange. Allhoff Brothers agreed to take two automobile policies, on which the commissions specified in the power of attorney were 30 percent. The commissions on the two policies amounted to \$374.72. The insured bought other insurance and turned back the reciprocal policies, on which the earned premiums up to the time of cancellation were \$54.51. The attorney-in-fact brought suit for the earned premiums, and the full commissions, making a total of \$429.33. A jury brought in a verdict in full and the insured appealed. The court on appeal affirmed the judgment on the entire commissions plus the earned portion of the premiums.

J. G. Scobie, Janesville, Wis., died at his home from a heart ailment from which he had suffered for the past two years. Mr. Scobie formerly traveled Wisconsin as adjuster and special agent for Fidelity-Phenix and National Fire

Plan now to make the Black Cat Club on Hoodoo Day by selling accident and health. Your company can give you details.

## Ohio Casualty Agents

FIND

## Profitable Lines

TO PROMOTE

AUTOMOBILE - PLATE GLASS  
GENERAL LIABILITY  
BURGLARY AND ROBBERY  
FIDELITY BONDS

★ Here are policies which can pay you an extra profit. Ohio Casualty policies are complete and broad in coverage. When you sell Ohio Casualty you have more to offer. Second you have the peak of home office cooperation. This enables you to give your assured more for his money . . . broad coverage . . . better service.

If you want to know more about Ohio Casualty Policies, write



## THE OHIO CASUALTY INSURANCE COMPANY

Home Office

Hamilton, Ohio

## Young Men Take Helm at Minnesota Agents' Gathering

(CONTINUED FROM PAGE 3)

ance clause for values below \$5,000.

4. Improved application forms and rates on use and occupancy coverage in Minnesota.

5. Changing the forms for covering household goods in mercantile and apartment buildings to include the new broadened electrical exemption clause excluding damage to electrical apparatus only from current artificially generated.

### Study Qualification Law

One of the major resolutions adopted was that providing for the appointment of a committee of the association to meet with representatives of other organizations to study the subject of an agents' qualification law.

The Minnesota association went on record as pledging loyal cooperation to the National association and commended President Sidney O. Smith and other officers for the steps they have taken in behalf of the local agent. Continued efforts to promote fire prevention and public safety were urged on the newly elected officers of the state association and a "substantial increase" in the annual appropriation for the state insurance department was advocated.

The resolutions recommended that the National councillor continue to work with the National Councillors of the Western Underwriters Association territory to develop increased cooperation with company organizations to the end that changes in policies and rates be made the subject of conference before promulgation.

### No Definite Stand Taken

Although compulsory automobile insurance is a live issue in Minnesota and had an important place on the program of the meeting the state association intentionally took no definite stand on the question. It was not mentioned in the report of the resolutions committee. The efforts of the association will be directed toward strengthening the financial responsibility act as a substitute for compulsory automobile insurance. To this end A. B. White, Keene, N. H., was induced to come to Duluth and explain the results of his state's financial responsibility act, with its assigned risk provision. His address greatly encouraged the proponents of the financial responsibility plan.

Official registration was announced as 300 by Gilbert Buffington, in charge of that work. Representation by regions was the best in history as a result of intensive regional organization work that has been carried on. This work will be pursued the coming year until every section of the state is organized.

### Companies Well Represented

Company representation at the meeting was large with several company men present from outside the state.

Much of the credit for the success of the meeting was due to Edward C. Huhnke, Duluth, who was general chairman for the Duluth Underwriters Association, host at the meeting.

Rochester and Albert Lea are contenders for the 1941 meeting. The selection will be made later by the executive committee.

### DISSECT POLICY FORMS

Policy forms used in Minnesota were dissected and found wanting in many particulars in a free-for-all informal discussion of agency problems. A. A. Hirman, Rochester, chairman executive committee, presided.

First to come in for attention was the U. & O. form which speakers called bulky and complicated. Chairman Hirman expressed the opinion that if this coverage could be written more simply and if the companies would push it harder, considerably more business could be written in Minnesota. The justice of a uniform rate structure for U. & O. was questioned.

Most criticism centered on the fire policy and a lively debate developed over the question whether it should be modernized and streamlined. Frank Preston, executive secretary, and Harry Reynolds, Duluth, voiced the opinion that it would be inviting trouble to try to revamp the law covering the present Minnesota standard policy. They argued this might weaken the law which they said is now more liberal from the standpoint of the assured than is the case in most states. The question was raised if the combination fire and tornado policy should be legalized. William Knudsen, Hibbing, thought the best strategy would be to amend the present law by legalizing the various extended coverages. The upshot of the discussion was that the meeting favored a further study of the question with a view of bringing about the changes desired.

### Installment Plan Vital Factor

Dwelling house writing stirred up quite a discussion. Agents complained they were at a disadvantage in getting this business largely because their non-stock competitors were able to sell it on an installment basis that appealed to buyers. Chairman Hirman said that recent figures indicated a 23 percent loss ratio on this business and questioned whether the present rate differential between stock and deviating companies was justified. Howard Williams, Mankato, said the installment payment plan was the crux of the matter. The meeting voted in favor of liberalizing the dwelling house coverage and also in placing it on an installment payment basis to meet competition.

Harry Reynolds, Duluth, favored removing the present \$5,000 minimum property value in the coinsurance clause. His argument was that it was discriminatory.

### YETKA ON QUALIFICATION

Commissioner Yetka of Minnesota warned that if agents expect to get a stronger agents' qualification law enacted in Minnesota they must not give legislators the impression they are trying to establish a monopoly of the business.

"You must bear in mind that our legislature is rural-controlled and will not enact a law that will be detrimental to residents of the rural areas," the commissioner said. He was referring especially to the effect a stronger qualification law eliminating part-timers would have on agents in the rural communities.

"We must recognize the part-timer as far as the rural districts are concerned," Commissioner Yetka said. "In those areas the part-timer is justified for in many of these communities there would not be enough business to warrant a man devoting his entire time to insurance unless he was the only agent in the town and that would not be desirable for he might be a man some people would not care to do business with. In the larger cities the problem is different."

### Consider Public Convenience

The commissioner expressed the opinion that the most effective plan would be to issue licenses on the basis of public convenience and necessity, such as is done in Minnesota now in the case of banks.

"Since I took charge of the Minnesota department it has been our aim to elevate the standard of insurance agents," he said. "You cannot make a better agent simply by imposing a high license fee. The applicant must meet certain qualifications as to background, education and character. A written examination is not sufficient. A man with little knowledge of the insurance business could go to an attorney or a company representative and fill out a written questionnaire that would qual-

ify him beyond question. He should also be required to pass an oral examination."

Commissioner Yetka, who said he did not expect to be in office when this matter is finally acted on by the legislature, suggested periodical examinations at various points in the state conducted by trained examiners in the department. This work would be made self-sustaining by fees collected from applicants. He said there should be no discrimination in fees charged domestic and foreign companies as is now the case.

"I don't think any agents' qualification law will be a success without these periodical examinations and the department should have the authority to approve or deny an application on the basis of public convenience and necessity," he declared.

Mr. Yetka's remarks were made when he was asked to comment on a report made by C. O. Brown, Rochester, as chairman of a special committee of the association named to study the question. The report was based on a comparative study of agents qualification laws of several states, but particularly New York, Illinois and Pennsylvania.

### Should Be Strengthened

"The present Minnesota law has many desirable features but can be and should be strengthened," Mr. Brown said. "The public is entitled to every safeguard from the agent and solicitor who should be made to prove his fitness. There should be minimum educational requirements and definite standards of knowledge should be set up." His committee recommended that a statewide committee representing all insurance groups be named to study the problem with a view of presenting a concrete proposal to the legislature. The committee favored a state examining board

made up of insurance men to examine applicants with the commissioner of insurance having the final say as to approval or rejection of the application.

How local agents may cash in on Home Owners Loan Corporation business was explained by R. D. Voss, district manager Stock Company Association, at Omaha. In numerous cases, he said, the insurance carried on HOLC loans is sufficient only to protect the loan whereas the actual value of the property is considerably in excess of that.

"Go to your customer and explain this to him," Mr. Voss suggested. "Point out to him that he has considerable value above his loan which is unprotected by insurance. In many cases you will be able to get a direct policy from him and a substantial premium."

Mr. Voss also advised agents to contact HOLC borrowers as soon as their loan is paid off in full and in this way take over direct the insurance that had been placed through the SCA.

### Aid Agents in Getting Share

Mr. Voss said his office is doing everything it can to assist agents in getting their share of the HOLC business. He explained in detail the mechanics of the HOLC-SCA setup.

"The National Association of Insurance Agents is back of the SCA 100 percent," he said. "Your membership in the state and National associations is of value to you because of the HOLC business which is available to you. We are trying to distribute this business to those agents that appreciate it."

Mr. Voss said his office is four months behind in sending out certificates but that he is pushing the work and checks covering early months in the year should reach agents by October or November.

"In going after public business make your presentation on the basis of quality, not price," J. G. McHale, Minnesota state agent New York Underwriters, advised. He suggested as a first step

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that the local agent make a comprehensive survey of public-owned property in his community.

"Such a survey, however, to have much value must be intelligently used," Mr. McHale pointed out. "There are always one or two men on each local board who really decide these matters. Go to these bell wethers with your survey and proposition. Analyze the problem with them. If you convince them you will get the business, although it is well to call on the other members also.

#### Attend Public Meetings

"Don't shy away from public meetings. Take part in them. Answer questions put to you intelligently and courteously. Don't be intolerant of the views of your competitor. He may have some good ideas to present. When you gain the confidence of the public you have won half the battle. Above all things don't let the matter of price upset you. You are selling protection, not price. Do not go before a board in an argumentative mood. Be in the proper frame of mind when you make your approach. Do not hesitate to tell what the insurance companies are doing for the assured through the Underwriters Laboratories and the National Board. Tell how these organizations have been instrumental in bringing down rates."

#### FARM DISCUSSION

Stock companies must take on farm business whether they want it or not, Mr. Hirman declared at the rural agents' breakfast conference conducted by Francis McGovern, chairman rural agents' committee. "This is necessary not so much on account of the immediate business involved but because of future business that stems from it," Mr. Hirman explained. "Non-stock insurance is getting so well entrenched on our farms that it is bound to have an effect beyond the farm unless counteracted. Boys on the farm today hear so much about these other types of insurance that when they leave the farm and go into town or to the city to work or engage in business they are apt to show a preference for the same type of insurance their fathers carried."

#### Rates Out of Line

Mr. Hirman expressed the view that stock company rates on farm insurance are out of line and proposed an equity rating plan for farmers that would compensate the better risks.

Chairman McGovern outlined his committee's program for a rural agents' educational program in Minnesota during the coming year. There will be a chairman in each district where there is a regional board and these will be circularized with educational material.

Paul Zoelzer, state agent Agricultural, was host at the breakfast.

#### Smith Stresses Education

Sidney O. Smith, National association president, stressed the need of education in the modern insurance world and praised the program of the National association in promoting educational courses in colleges and universities.

He touched upon the HOLC business and its possibilities for the local agent and warned them that if they are to hold up their end of the local business they must constantly fight for it.

The annual dinner was a gay and informal affair. There was no speech-making, except a few brief remarks by Mr. Smith.

#### Huhnke Introduces Guests

E. C. Huhnke, general chairman arrangements committee, presided and introduced distinguished guests. A message was read from Carvin Howe, veter-

ean Duluth agent, who was unable to be present. A quartet brought up from St. Paul by Frank C. Rogers entertained.

When Chairman Huhnke introduced W. B. Calhoun, Milwaukee, as one of the guests, there were vociferous calls from the audience that he sing his favorite song, "My Wild Irish Rose," which the national past president did to the delight of the audience.

Other past presidents presented at the dinner were Clyde B. Smith, Lansing, Mich., Allan I. Wolff, Chicago, and C. F. Liscomb, Duluth.

#### Random Views at Duluth Parley of Minnesota Agents

C. F. Liscomb, past national president, batted 100 percent on his weather promises. Sunny skies and ideal temperatures prevailed all three days at the Minnesota Association of Insurance Agents' annual meeting in Duluth.

Oldest conventioneer was J. Pierce Wolfe, 79, local and state agent at Moorhead. Youngest was Barbara Dahl, daughter of Mr. and Mrs. W. C. Dahl, Minneapolis, where Mr. Dahl is a local agent. He captured the first attendance prize, a wind-breaker jacket.

Gilbert Buffington, who will be installed next month as president of the Duluth Underwriters Association, did an efficient job as head of the registration desk.

Six past presidents of the Minnesota association participated in the past presidents' dinner. They were Roy Nienhauser, St. Paul; Frank Preston, Minneapolis; C. F. Liscomb and E. C. Huhnke, Duluth; C. O. Brown, Rochester, and Harry Levant, Eveleth.

Prominent company men present included W. J. Tipper, Aetna Fire, Chicago; Dan Kirby, president Western Surety; E. A. Henne, America Fore, Chicago.

Several mutual company representatives were on hand to hear the discussions on compulsory automobile insurance.

Armand Harris, Fitzhugh & Robert A. Burns, St. Paul, who seldom misses a Minnesota meeting, was on hand to stimulate the proceedings.

George Fevig, president, and Clyde B. Helm, secretary of the Insurance Federation of Minnesota, sat in on several of the discussions.

Proceedings were expedited by the new plan of dispensing with individual lengthy reports by officers and committees and instead having a summary of all reports made by one speaker. This job was done excellently by Frank Compton, Duluth.

President Harry Levant drew a hearty laugh when, during one session he found himself talking into the wrong end of the microphone. "Guess I must be talking backwards," he wise-cracked.

National President Sidney O. Smith won the admiration of all present by his able talk and gracious personality.

One scheduled feature of the program had to be eliminated for lack of time. This was a half hour set aside on the opening day for brief talks by three of the national past presidents, Clyde B.

Smith, Lansing, Mich.; W. B. Calhoun, Milwaukee, and Allan I. Wolff, Chicago.

Oscar Eastman, secretary Northwestern Fire & Marine, Minneapolis, was called upon to introduce C. H. Smith, president Western Underwriters Association and Chicago manager of the Hartford Fire with which Mr. Eastman's company is affiliated.

H. O. Williams, Mankato, was chairman of the resolutions committee and saw to it that everyone with an idea worth considering put it in the form of a resolution.

It is unusual to have a president of an important life company taking an active part in the annual meeting of fire and casualty agents but Ward Senn, president American Mutual Life of Des Moines, is also head of a local agency business in Minneapolis. He has served as chairman of the safety and fire prevention committee of the Minnesota association the past year and also was chairman of the nominating committee at the annual meeting.

L. D. Engberg, chairman membership committee, reported that 60 new members were taken in during the year making a total of 675.

Wives of agents were entertained by a committee in charge of Mrs. Ethel Anna Coleman, secretary-treasurer Duluth association.

National President Sidney Smith made his first speech as an officer of the National association in Minnesota three years ago and his address at Duluth probably will be his last one as a national official except his annual address at the annual meeting at Buffalo.

W. B. Calhoun, past national president, Milwaukee, has not missed a Minnesota agents' meeting in 10 years.

The members of the Minnesota association expressed an overwhelming wish to have the association monthly organ, "Minnesota News," continued under the direction of Frank S. Preston, executive secretary.

J. M. Clark, executive special agent New York Underwriters, came up from Chicago for the meeting with State Agent John McHale.

George W. Wells, Jr., former Minnesota commissioner, now secretary Northwestern National Life of Minneapolis, dropped in on the last day of the convention.

Frank Preston, executive secretary-treasurer of the Minnesota association, did a fine job in collaborating with the Duluth committee in arranging details for the meeting.

The meeting date coincided to a day with the 23rd wedding anniversary of President and Mrs. Harry Levant of Eveleth. In recognition, Mr. and Mrs. Levant were showered with bouquets of flowers and they were the recipients of numerous personal felicitations from agents and company men. Mrs. Levant and their son came down from Eveleth to attend the meeting. Mr. Levant also was presented with a watch by members of the Range Association of Insurance Agents in which he has long been active.

R. L. Hanson, secretary Minneapolis F. & M., was host at the final luncheon. C. F. Liscomb, Duluth, past president, presided.

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# POINTERS FOR LOCAL AGENTS

## Variety of Claims Seen in Losses Sustained by Motor Cars

Some of the most unpredictable things happen to automobiles and to people who drive them. In support of this fact, claim officials of the Aetna Casualty searched through their files and uncovered a few examples of claims which tend to emphasize the hectic existence of automobiles and their drivers.

Bears in Yellowstone National Park figured in a number of these bizarre cases. Whether curious or hungry, they seem to create a sizable toll of damage to the cars of park visitors. On record are several claims paid for damage caused by bears whose methods of destruction were the same in nearly all cases. They either jumped from an embankment or climbed to the tops of cars while parked, and destroyed the covering or caved in the tops.

Cattle, deer, pheasants, hawks and buzzards are especially susceptible to entanglements with automobiles. Even the lowly mouse has evidenced a malicious pounce against automobiles. On record is a claim involving the nearly complete destruction of an expensive car's upholstery by these rodents.

### Cars Charged by Bulls

On numerous occasions, cars traveling through rural districts have been charged by bulls who apparently mistook the cars (not always painted red) for rival invaders of their domain. Strangely enough, records show that the bull usually comes out victor in such duels and the car owner often presents a sizable bill for damages to his insurance company. Fate apparently played a trick on one driver by guiding the actions of a husky calf and a dog at the roadside. At the moment that the car was passing the dog elected to grab the calf by the tail, which so frightened the animal that it went crashing into the side of the car. The calf survived the ordeal but the car was laid up for repairs.

Traveling late at night, an assured was temporarily blinded by the lights of an approaching car. While the car was still a short distance away, however, a dark hulk seemingly leaped out of the night and came down with a thudding crash on the car. Ditched and disheveled, he found that a horse walking along the road had apparently sensed the danger of being trapped between the two cars and attempted to leap over one. The fact that the horse failed to clear the car and came down on the top instead gave him a leading role in one of many thousands of daily dramas of which the claim men keep track. The horse escaped with a slight foot injury but the assured's car was wrecked—damage \$486.43.

### Rooster Hazard

One case was that of the \$150 rooster. The assured had tied the fowl's legs together and laid it on the shelf behind his head in a coupe. In some manner freeing its legs, the rooster flew up and flogged the driver on his neck and face. While attempting to subdue the fowl the assured lost control of his car, ran through a guard rail and down a steep embankment. His new car was damaged to the extent of \$150.

Almost every driver has had unpleasant experiences with a bee or other insect. Once inside the car the disturbance a bee causes to a driver's peace of mind is readily imagined. "Beware of

insects," the claim files warn, for they have caused nearly every conceivable type of traffic accident, with damage running into hundreds of thousands of dollars.

In support of a generally-accepted theory that the occupants of a car are comparatively safe during a lightning storm, the claim officials produced a record of an assured who was operating his car through a violent storm in Arkansas. A bolt of lightning hit the car just behind the rear door, followed a radio aerial, knocked two wires from a spark plug, ripped a hole in the gasoline tank, and dug a deep pivot in the concrete pavement beneath the car, all before the driver had time to realize that anything unusual had happened. The entire damage amounted to only \$6.75, and the assured continued his trip unharmed after plugging the tank and fixing the spark plug.

### Other Peculiar Hazards

Pulling out of a parking lot with his employer's car, a chauffeur left behind a rear fender and tail light. Young pranksters had tied a rope to the tail light, then fastened it to a convenient and firmly-imbedded pole. Another assured was standing beside his car at a filling station when a second car pulled in with steam spouting skyward. Getting out, the driver hurriedly poured a can of gasoline (thinking it was water) into the over-heated radiator. An explosion followed, showering the assured's car with blazing gasoline.

An owner had his car stolen while he was out of town. Subsequently, it became involved in an accident and the police secured witnesses who gave a clear description of the owner as being the driver of the car. Persons injured presented claims and the police brought a criminal action against the assured. After an extensive investigation, however, the owner's insurance company was able to establish his alibi that he actually was out of town.

### Magic in Theft

Are automobile thieves sometimes magicians? Several persons recently watched a car being stolen before their eyes and hadn't the faintest idea anything unusual was occurring. It happened like this: Thieves drove up in front of an assured's residence, stopped the car, walked back to the garage behind the house, pried off the lock, and quietly pushed the car out to the street by hand. Then one of them got into the assured's car and steered it while the other thief pushed it down the street and out of sight with the bumper of his own car.

Arsonists recently attempting to burn and wreck a large garage were thwarted in their efforts by an ordinary inner tube. The criminals placed four ounce bottles of explosives with dynamite caps attached in various parts of the building. The fire was started beside the tire of an assured's car with an oil trail to the explosives. Before it could do any further damage, the heat of the fire burst the inner tube and the concussion in turn extinguished the flame. Thus the entire garage and its contents were saved.

An assured was freely applying naphtha to a grease spot on the upholstery of his car and rubbing the spot vigorously. Friction caused a static

spark and ignited the gasoline fumes. The assured was thrown out of the car unharmed by the explosion, but the car itself burst into flames.

Recently a man reported his car stolen but it was later discovered that it had become hooked on the rear bumper of a car parked ahead. When the driver of the front car pulled away from the curb he unknowingly pulled the assured's car along until a turn was made, at which time the latter car disengaged itself and crashed over a curb, burying itself in the front end of a cigar store.

## Extended Cover Is Salable to Farmers

Farm agents who systematically undertake to sell extended coverage along with the combined fire and windstorm policy are getting a worthwhile response, according to agency supervisors in the farm field. Sales are made most frequently when the agent quotes the cost for complete protection rather than mentioning the price of fire and windstorm and then, as an afterthought, cites the availability of extended coverage for an additional 5 cents or whatever the cost may be. Where the comprehensive price is brought out initially the reaction of the prospect seems to be that the salesman believes in the combination whereas if extended coverage is mentioned as an afterthought the prospect is likely to feel that the agent has misgivings as to the worth of the extra coverage. Some agents, indeed, are able consistently to sell an even larger package by including in the price that is quoted the cost of unearned premium insurance.

In the farm field the extended coverage endorsement does not cover wind or hail and it is written in connection with the combined fire and windstorm policy.

The type of loss that is paid most frequently under the extended coverage endorsement on farm property is destruction of livestock when hit by automobiles. Such losses are covered if the livestock is insured. Of course, the livestock must be insured against fire and wind in order that the farmer may get the extended coverage. There have been quite a large number of such losses paid and that the farmer appreciates the hazard. By citing this possibility, the agent is able to close a good many extended coverage sales. The insurer is not liable for loss or damage by any vehicle owned or operated by the insured or by any tenant of the insured premises or by any agent, employee or member of the household of either the insured or tenant.

## Death Calls Former Forceful Company Chief

(CONTINUED FROM PAGE 16)  
tend to duties, the organization carried on in a magnificent way.

Mr. Forrest was a very earnest believer in spiritualism. He had an intense liking for the mystic. He also was an earnest advocate for prison reform. He wrote a book "Silent Guests" in which his spiritualistic belief and his program for prison reform were clearly brought out.

He is survived by Mrs. Forrest, Alfred E. Forrest, Jr., who is secretary of the North American Accident and a daughter, Mrs. Sadie Forrest Rathbone, who resides in Pasadena.

Mr. Forrest was greatly interested and active in the organizations. He was president of the International Association of Health & Accident Underwriters.

## Tuition Fees Cover for School Plants

Right now heads of schools and colleges throughout the country are busy registering students and getting ready for the semester ahead. Many of these schools depend on tuition and other fees for the greater portion of their income. If a school plant or some important buildings are destroyed or badly damaged by fire, the school is closed and pupils leave, some to their homes, the rest to other schools. When the institution reopens, many fail to return, and hence the income is sharply reduced. If such a loss should occur before the start of a new term, the effect on the school's income for the year would be serious.

It becomes quite clear that private schools and colleges need insurance that would help to compensate for the loss of these payments, and that agents who present such a coverage to the proper authority would receive interested attention. This problem can be solved with tuition fees insurance, according to an article in the "Accelerator," publication of Boston and Old Colony.

Tuition fees insurance protects against the actual loss of income from tuition, board, room and other fees, less expenses which may be discontinued, up to the start of the next school year following the restoration of the property, in the event the school buildings and/or their contents are damaged or destroyed by fire. This means that if an insured school has a fire loss, say in November, and the property is not restored until February, the resultant loss in tuition fees, due to the failure of students to return is covered up to the beginning of the next school year.

Suppose a school has a fire loss during the summer months and the property cannot be put in operating condition until just before the opening date. Naturally such a condition would cut down enrollment and the school would face a losing year. In such an event the period of liability for loss would be extended to end at the start of the second school year, if the property could not be restored within 30 days of the scheduled opening dates.

He served as president of the Health & Accident Underwriters Conference and was a governor of the Insurance Institute of America. Inasmuch as the North American Accident did a large monthly pay business, Mr. Forrest was interested in the formation of the old Detroit Conference, composed of companies writing monthly pay accident and health insurance. In his later years he built a home at Redlands, Cal., and spent the winters there. He was very much devoted to the people in his organization and in case of illness or disability of any kind, they were recipients of his generosity. He is credited with having much to do with writing the Illinois casualty law of 1899.

### Background of Fire Insurance

W. S. Crawford, insurance editor of the "New York Journal of Commerce," in his book "Background of Fire Insurance," sold by THE NATIONAL UNDERWRITER for \$2, gives an analysis of the various elements making up the fire insurance business. It is not a history of the business but a clear and stimulating presentation of facts and principles in the light of past developments and present conditions. Mr. Crawford is one of the veteran insurance newspaper men of the country, and is exceedingly well informed.

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# FIRE INSURANCE NEWS BY STATES

## MIDDLE WESTERN STATES

### Agree on Missouri Qualification Act

KANSAS CITY—Out of numerous conferences and discussions among Missouri agents has evolved a draft of an agents' qualification law which seems to be, in general, acceptable to agency interests of the state. The state and local associations have interested themselves in the measure, and it is hoped that some such bill will be passed by the legislature in January. The present law is recognized as inadequate, and the Missouri department has frequently urged agents to seek the passage of a new and satisfactory measure.

The state association under President W. J. Welsh has a committee working on the measure, and several local boards over the state have named special committees.

The object of the proposed bill is to establish standards and give the law enough authority to enforce them. Briefly, it provides for licensing of agents and brokers, requiring an examination except for those who have held licenses for three years, granting right of appeal to brokers; prohibiting the licensing of a corporation or partnership member unless each partner and officer is licensed; requiring agent or broker to be resident or maintain principal office in the state except as to business solicited and procured directly from the assured outside the state; prohibiting division of compensation except with licensed agent or broker; prohibiting giving or accepting of rebates, and prohibiting companies from issuing policies or paying compensation to or through unlicensed agents or brokers. The bill does not apply to life insurance.

### Start Shaping Up Kansas Program

HUTCHINSON, KAN.—The tentative program for the annual convention of the Kansas Association of Insurance Agents here on Oct. 9-10, at the Hotel Bisonte, has been released by the Hutchinson Board, the host. A one-day business program is planned as a result of the success of the one-day mid-year meeting held in Wichita last April in connection with the mid-year meeting of the National association, which was also in charge of the Hutchinson Board.

The speaking and business sessions on Oct. 10 will be preceded by the annual golf tournament on the afternoon of Oct. 9; the annual complimentary dinner for the executive committee, past presidents and life members at 6:30 p. m., with the Hutchinson Board as host, and the annual buffet supper and smoker at 6 p. m., at which the golf prizes will be distributed.

#### Conference to Be Held

A 9 a.m. conference of zone chairmen and committee members opens the Oct. 10 program. The first regular convention session is scheduled to open at 10 a. m. with a call to order by President Laurin W. Jones, Dodge City. Three talks and a discussion of the Kansas financial responsibility law and report of the legislative committee will complete this session.

Following a luncheon, the second session will feature talks by R. D. Voss, Omaha district manager Stock Company Association, on "HOLC-SCA Setup"; Commissioner Hobbs of Kansas and a representative of the National association. Ten-minute discussions are scheduled to follow on "Streamlined Automobi-

le Policy," "Capital Stock vs. Non-Stock Policies and Forms," and "1941 Farm Insurance" with committee reports, annual election and an open forum session bringing the program to a close.

A ladies' luncheon and theater party is planned for visiting ladies not attending the afternoon session.

Wade Patton heads the program committee; Reuben P. Miller is general chairman. Final plans will be completed Sept. 3 at the first fall gathering of the Hutchinson Board.

### Tentative Missouri Program Arranged

KANSAS CITY—William J. Welsh, president Missouri Association of Insurance Agents, has announced the tentative program for the annual convention at the Connor Hotel, Joplin, Oct. 7-8.

The gathering will start with a golf tournament the morning of Oct. 7.

An executive committee meeting will also be held with L. W. Garlachs, St. Joseph, as chairman, followed by a luncheon for local board officers.

The first regular session will start in the afternoon with a call to order by President Welsh. Gordon Fisher, president, Joplin association, will welcome the visitors and Basil Sparlin, Springfield, will respond.

Following the president's report "Insurance Education," will be discussed by Arthur Felker, past president St. Louis Board.

Talks will be given by Morton T. Jones, president, Kansas City Fire & Marine; "The Economics of Our Business," Wade Fetzer, Jr., vice-president, W. A. Alexander & Co., Chicago, National association executive committee-man.

The annual banquet will be held that evening with Gordon Fisher presiding. Superintendent Lucas of Missouri will speak.

#### Stuart Ragland to Talk

On October 8 reports will be presented by J. J. O'Toole, St. Louis, treasurer; Chairman Garlachs of the executive committee. Superintendent Lucas will speak and "Some Virginia Ideas," will be presented by Stuart Ragland, Richmond president Virginia association.

In the afternoon L. E. Bright, St. Louis, national councillor will report and greetings from the Missouri Fire Underwriters Association will be extended by R. M. Wilcox, Crum & Forster, Kansas City, president. Talks will be given by G. W. Dyer, assistant secretary Central Surety, Kansas City; "Premium Financing," W. A. Barrett, manager First Bancredit Corporation, Kansas City. Agents' qualification law, and other discussions will be followed by committee reports, resolutions, nominations and election.

### Iowa Meet Expected to Set New All Time High Record

DES MOINES—The largest attendance in the history of the Iowa Association of Insurance Agents is indicated for the annual convention here Sept. 4-6 at Hotel Fort Des Moines.

More than 500 registrations are expected, nearly double of any previous convention attendance.

There is still speculation as to a successor to Harry C. Brown, president, who will not be a candidate for reelection. E. C. Cady, Burlington, executive vice-president, has definitely stepped out of the picture. Mr. Cady will leave the latter part of August on a month's

hunting trip to Canada and he feels that the association should elect a member who will be able to attend the Buffalo meeting.

It is believed the new president will be selected according to custom from the vice-president ranks which include Lyle Jefferies of Clinton, Leon Morse of Council Bluffs, Robert S. Andrews of Sioux City and Frank Stouffer of Colfax.

The association is in the midst of a final membership drive and it is expected that the membership will reach the 500 mark by convention time.

### Neb. Bans Commutation of Five Year Premium

LINCOLN—The Nebraska department has placed a ban on annual renewable fire policies which contain a stipulation that the policy may be renewed annually for four successive years by the payment of 80 per cent of the annual premium and the issuance of a renewal certificate. John S. Logan, attorney for the department, is sending a letter to all fire companies advising them that such a policy is a discrimination in charges, forbidden by law.

Mr. Logan says that several companies have been offering the usual five years policies with premiums paid in advance and also the annual renewable policy. The effect, he asserts, is to place the one year policy on a five year premium basis and permits annual installment payment of premiums on a five year policy.

### Wichita Insurors Rename V. G. Henry as President

WICHITA, KAN.—Victor G. Henry of the Kessler-Henry Agency and Henry V. Schott of Smith, Stone & Snyder were reelected president and secretary respectively of the Wichita Insurors at the annual meeting, the recommendations of the nominating committee being unanimously adopted. Earl Woodard was named vice-president, succeeding Elmer C. Beezley, and becomes executive committee chairman. Mr. Henry, who is also vice-president and chairman of the executive committee of the Kansas Association of Insurance Agents, will thus serve his second term and Mr. Schott his tenth.

Very few committee changes will be made, according to Mr. Henry, excepting the naming of two new members of the executive committee to succeed C. M. Andrews and Clint C. Anderson, whose terms are expiring, and a new automobile finance committee chairman to replace former Chairman Duane T. Stover, who died suddenly from complications following an appendectomy. A new credit committee is to be set up, the executive committee having been authorized to work out a suitable plan.

Featured at the meeting was a showing of movies taken at the 1930, '31 and '32 annual picnics of the board by A. E. Smoll.

#### Rasmussen Back in Insurance

J. E. Rasmussen, after two or three years in the manufacturing business, has decided to reenter the general agency field and is now associated with the American Pioneer Insurance Agency in the Carpenter building at Milwaukee. He was formerly in the business there in the agency of the old Independence Indemnity, writing in excess of \$1,000,000 in premiums in the state.

#### Renew Stock Insurance

APPLETON, WIS.—The city council voted 12 to 6 to renew \$127,500 insurance on city buildings with local agents for stock companies, instead of accepting the recommendation of the insurance

committee to place the business with the Federated Hardware Mutuals. Ald. Feavel, committee chairman, pointed out that the insurance had cost \$1,506 for the last three years, but that the mutual cost would be only \$807. Roy McNeil, Walther's Agency, speaking for more than 40 local agents, said the stock company representatives could offer five years' coverage for \$920 under a new participation plan. Mayor Goodland has announced he would veto the action of the council because he felt the city should buy the lowest cost insurance.

#### Cited for Contempt

LINCOLN, NEB.—On application of John S. Logan, attorney for the department, District Judge Shepherd has cited for contempt G. G. Patton, president First American of Lincoln, A. S. Johnston, its attorney, and the Capital Finance Company, which handled the corporation's notes. The company is now being liquidated by the department. The court found against the claim of Johnston for attorney fees and that of the finance company for first lien upon insurance company assets, \$16,626, found due and allowed as unsecured claims. Mr. Logan says the defendants have refused to obey the court order that \$13,000 of notes the finance company holds as security for its claim be turned over to the department.

#### Thumb District Holds Outing

BAY PORT, MICH.—Approximately 100 Thumb district members of the Michigan Association of Insurance Agents, together with field men and company officials, enjoyed the annual summer outing here. The afternoon was devoted to fishing in Saginaw Bay. A brief, informal speaking program followed the dinner.

W. A. Doyle, Highland Park, president Michigan Association and Commissioner Emery of Michigan spoke. Mr. Doyle explained the new educational program. Approximately 40 percent of the Thumb district members have been taking the correspondence courses sponsored by the association through the extension division of the University of Michigan.

J. T. Todd, Bad Axe, head of the Thumb unit, was toastmaster and Ben Parkhurst, Elkton, was chairman of the program.

#### Wis. Mutual Managers Elect

At the annual meeting of the Wisconsin Mutual Insurance Managers Club at Kewaskum these officers were elected: President, Gary H. Kamper, executive vice-president Badger Mutual Fire; vice-president, August C. Fuge, secretary West Bend Mutual Fire; secretary, Theodore R. Schmidt, secretary Kewaskum Mutual Fire.

#### Columbus Society Elects

COLUMBUS, O.—The trustees of the Insurance Society of Columbus at their annual meeting elected Thomas E. Macklin president; H. S. Mesloh, vice-president; Frank E. Kirkpatrick, treasurer, and Russell M. Knepper, secretary-counselor. Other members of the board are H. E. Eilber, Walter Burkley, I. B. Lentz, Harold Gardiner, Fred Jaeger and C. D. Wikoff.

#### Want Salvage Patrol Reestablished

JANESVILLE, WIS.—The Wisconsin Federation of Labor, AFL, at its annual convention here, adopted a resolution asking that fire insurance companies writing business in Milwaukee be assessed a "suitable tax" on local premiums to pay for the operation and maintenance of a fire insurance patrol so that it could function within the

Milwaukee fire department. The resolution, introduced by the Milwaukee Fire Fighters Association, No. 215, expressed opposition to have the salvage work done by firemen now on the department and suggested engaging members of the former fire insurance patrol abolished by fire insurance companies early in 1940.

#### To Discuss Texas Rate Plan

WAUKESHA, WIS.—Water works commissioners from Wisconsin communities will discuss the operation of the Texas insurance grading system at their annual meeting in October, according to A. P. Kuranz, superintendent Waukesha water works. They will discuss the plan of fire insurance rating carried out in Texas for the purpose of ascertaining whether lower fire insurance ratings can be obtained in Wisconsin.

#### Expect New Michigan Record

LANSING, MICH.—Advance registrations for the annual convention of the Michigan Association of Insurance Agents at the Book-Cadillac Hotel, Detroit, Sept. 5-7, indicate the probability of a new attendance record, according to Waldo O. Hildebrand, secretary-manager.

#### Council Bluffs Board Elects

COUNCIL BLUFFS, IA.—T. M. Delaney has been elected president of the Council Bluffs Association of Insurance Agents, succeeding Paul Newton. Gerald Mahon was named vice-president, and Harold Alexander, secretary-treasurer. The executive committee members include Mr. Newton, Hugh Blackwell and L. W. Squire.

#### Hutchinson Board Resumes

The Hutchinson (Kan.) Insurance Board will resume its bi-weekly Tuesday luncheon meetings Sept. 3 with President N. N. Kline of the Will S. Thompson agency in charge, devoting the meeting to plans for the Oct. 9-10 convention of the Kansas Association of Insurance Agents, at which it will be host; plans of the fire prevention committee headed by A. L. Blickenstaff of the Wade Patton agency for a booth and exhibit at the Kansas State Fair the week of Sept. 15 and to Fire Prevention Week details and other business.

#### Reelect Lansing Officers

LANSING, MICH.—The Lansing Association of Insurance Agents decided at its annual meeting to continue to push educational and safety programs. All officers were reelected: President, R. A. Mosher; vice-president, J. P. Kitte; and secretary-treasurer, R. I. Waller. Special guests included six Lansing patrolmen who passed the preliminary qualifying examinations for Kemper Foundation fellowships at the traffic safety school of Northwestern university.

Plans were discussed for the resumption of the drivers' school in cooperation with Richard Bennett, new Lansing safety council director.

#### Detroit Group Offers Prize

DETROIT—The Detroit Association of Insurance Agents is offering a prize to the agent who makes the best suggestion as to how the organization can be more beneficial to the members. Elmer Salzman, executive secretary, has announced. Ed Karrer is providing the prize.

#### Superior Turns Down State Fund

SUPERIOR, WIS.—Stock companies won out over the state fund when the Douglas county board of commissioners awarded fire and tornado insurance on county-owned buildings to the Douglas County Board of Insurance Underwriters after several hours of heated debate, during which it was recommended the county use the state fund. N. P. Archambeau, chairman of a special committee named to study insurance bids, declared

the state fund is unsound and that the state should keep out of private business.

#### See Landslide for Hobbs

WICHITA—Commissioner Hobbs of Kansas is headed for a landslide in the November election, at which he seeks reelection for his seventh term, if official figures of the August primary election are any indication, as the commissioner, a Republican, received 185,105 votes compared with 86,260 received by Frank Dejaeger, the Democratic nominee.

#### L. H. Wingett Elected President

KANSAS CITY, KAN.—L. H. Wingett was elected president of the Kansas City Board succeeding Harry Smith. Cheney Prouty was named vice-president and Gilbert Henry, Stiles & Co., was reelected secretary-treasurer. The board is working on a new constitution

and by-laws which will be taken up Sept. 9.

#### NEWS BRIEFS

E. S. Basore, Valley Center, Kan., agent is confined to Wesley Hospital in Wichita for observation, although his condition is not thought serious. His daughter, Marian Frances, was married recently.

At a joint meeting of the Racine County Association of Insurance Underwriters and the Racine Board at Brown's Lake near Burlington, plans were made for a safety exhibit at the Racine County Fair.

C. G. McCune, for more than five years associated with the late H. C. Hughes in the Hughes Insurance Co., Columbus, O., has purchased the agency. Mr. Hughes died last January.

Paul T. Ruckman will manage the insurance agency of the late Park E. Dill at Westerville, O. Mrs. Dill will be associated with the agency.

fuse to license school teachers to sell fire insurance in connection with their school duties or during vacation periods.

#### NEWS BRIEFS

The executive committee of the Tennessee Association of Insurance Agents will meet in Nashville Sept. 5.

Fred Graves of Nashville has been appointed by Governor Cooper of Tennessee as director of insurance and bonds in the state treasurer's office, replacing M. P. Jones, resigned.

The Louisiana Insurance Society has selected Monroe, La., as the 1941 convention city and the Virginia Hotel as headquarters.

The Jamestown (N. Y.) Mutual has been licensed in Virginia, with John J. Wicker, Jr., of Richmond designated as agent in charge of its business.

## EAST

#### Smith Heads Joyce Agency

BUFFALO—Warren H. Smith has been elected president of Charles F. Joyce Co. agency, succeeding Charles F. Joyce, who has been elected chairman of the board. Mr. Smith has been with the agency 25 years. Starting as an adjuster, he later was made secretary and in 1925 he was elected vice-president.

Other officers elected are: Vice-president, John C. Weisenheimer; secretary-treasurer, R. H. Dye; assistant secretaries, E. A. Kratzer, Albert Le Beau, W. W. Lewis and O. P. Bremer.

#### Warfield Named Chairman

Guy T. Warfield, Jr., Baltimore, has been named chairman of the arrangements committee for the annual convention of the Maryland Association of Insurance Agents, which will be held in Baltimore the latter part of October.

#### Maryland Changes Approved

BALTIMORE—The subcommittee of the Maryland legislative council to which Commissioner Gontrum submitted recommendations for a number of changes in the insurance laws of Maryland has recommended their adoption. The committee also recommends that

## Finance Chairman



C. STANLEY STULTS

C. S. Stults, Hightstown, N. J., is chairman of the finance committee of the National Association of Insurance Agents and is a former member of the National executive committee. He will give his financial report at the meeting of the state association officers at the Buffalo convention the morning of Sept. 17.

#### Make Plans for Okla. Council

The first meeting of the executive committee of the Oklahoma Capital Stock Company Insurance Council is scheduled for Sept. 7 in Oklahoma City. Plans for the season's activities will be outlined, John S. Adams, president, said.

#### Refuses to License Teachers

NASHVILLE, TENN.—Although considerable pressure has been put on Commissioner McCormick to change his ruling, the department continues to re-

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the council confer with the commissioner before the bills embodying these changes are drawn up for presentation to the legislature when it convenes in January. The recommendations include changes to require the licensing of insurance counsellors and advisers, permit the commissioner to fine agents and brokers for violation of the insurance laws, and increase the commissioner's supervision of foreign and domestic companies.

#### Would Eliminate Arbitration

BOSTON—A bill filed in the Massachusetts legislature by H. W. Sullivan of Boston would eliminate from the Massachusetts standard fire policy the provisions for arbitration and reference in connection with fire loss adjustments.

#### Where Extended Coverage Failed

Broad as is the protection offered by extended coverage an assured in an up-state New York community was chagrined to learn that he could not col-

lect for damage to his household effects through the forceful entry into the premises by a deer. The commotion caused by the visit necessitated calling the police. The damage would have been covered under the personal property floater but New York state doesn't allow sale of such insurance.

#### NEWS BRIEFS

**Evington Osborn**, fire loss adjuster in the Boston office of Travelers Fire for seven years, has been transferred to the New York office.

**Mrs. Flora E. Kerr**, 86, Gowanda, N. Y., believed to be the oldest active insurance agent in western New York, will retire from business Sept. 1. She took over her husband's agency after his death in 1932. She has been presented 25-year medals by five companies.

**Thomas Williams**, local agent of Elizabeth, N. J., has been appointed superintendent of the Union county (N. J.) bureau of identification.

## PACIFIC COAST AND MOUNTAIN

### Wyoming Agents Card Completed

The program is announced for the convention of the Wyoming Association of Insurance Agents in Casper, Sept.



ROY E. WESSENDORF

6-7. Registration will take place the afternoon of Sept. 5 and there will be an informal gathering that evening.

At the first business session the morning of Sept. 6, Cecil Bon of Casper, the president, will give the opening call. C. V. Davis of Sheridan, national councilor, will give a brief talk. Richard White of Denver, Rocky Mountain manager for Royal-Liverpool, will give an address and he will be followed by Fred C. Hank of Thermopolis on "Agents' Qualification Law."

Wayne C. Meek of Seattle, member of the executive committee of the National Association of Insurance Agents, will talk on "Right Wings of Insurance"; C. W. Brock of Casper, "Mutual Publicity"; Tom Cowgill, Cody, legislative activities for next year. Commissioner Macdonald of Wyoming will give a talk and Roy E. Wessendorf, special agent marine department, Springfield F. & M., Chicago on inland marine insurance.

That afternoon the meeting will be for members only at which committee chairmen will report and a round table discussion will be held. A banquet is scheduled for that evening with Mr. Cowgill as toastmaster. At the final session the morning of Sept. 7, D. L. Clark of American Surety, Denver, will give an address on bonds; W. A. Barrett, First Bancredit Corp., Kansas City, will give a

talk as will K. F. Vasen of the Commercial Standard home office and H. F. Farnsworth, Riverton, on "F.H.A." Albert E. Tweed of the Insurance & Bond Agency, Casper, is chairman of the general arrangements committee; Guy W. Engle, chairman of the reception committee; H. J. Clare, entertainment and dance and Miss Jane Bon, registration. G. B. Kennedy of Basin is head of the fire, accident prevention committee; Mr. Cowgill, chairman of legislative, E. E. Fitch, Laramie, grievance and Mr. Engle, membership.

#### Advisory Committee in Seattle

SEATTLE—The Washington advisory committee held a meeting here and conferred with the contact committees of the Insurance Agents League of Washington and Special Agents Association of the Pacific Northwest.

The agents' committee included H. T. Anthony, Spokane; Harry Paxton, Walla Walla; George B. Guyles, Tacoma, and President James M. Blair. The field men were represented by Lloyd B. Beattie, Home, president western Washington division; E. M. Leonard, America Fore, president Special Agents Association of Spokane, and G. Emory Moore, Fireman's Fund.

Manager J. K. Woolley of the Washington Surveying & Rating Bureau was host to the company men and agents following the meeting.

#### Drop Carpenter as Defendant

LOS ANGELES—S. L. Carpenter, Jr., general manager Pacific Board, is no longer a party in the damage suit filed by Pierce & Sibert, Los Angeles, against the board, its member companies, Cosgrove & Co., and Willard W. Keith.

The dismissal automatically dismisses the motion of Mr. Carpenter for a change of venue to the courts of San Francisco county, which was to have been argued on Sept. 5.

No date has been set for further appearances or action, but in all probability counsel will get together and fix such date during the coming week.

#### California Fair Building Burns

SAN FRANCISCO—One of the most spectacular fires in this area in many years destroyed the California building at the San Francisco fair.

Insurance on the building, which was



### Washington Chairman of Executive Committee



FRANK N. BELLINGAR

F. N. Bellingar of the Bellingham agency of Ireland & Bellingar is the newly elected chairman of the executive committee and national councillor for the Insurance Agents League of Washington. As such, he is the heir apparent to the presidency, which is now held by J. M. Blair of Puyallup.

Mr. Bellingar will represent the Washington League at the Buffalo convention of the National association. Other Washington agents who will attend are B. B. Hillen of Seattle, president King County Insurance Association, and Wayne C. Meek of Seattle, who is a member of the national executive committee.

constructed in 1939 at a cost exceeding \$50,000, was—on the graduated time schedule provisions of the contract covering exposition buildings—\$55,000. In addition to the building itself exhibits and furnishings worth several hundred thousand dollars were destroyed. Many of the exhibits and art treasures were saved.

While it was originally thought the fire originated as the result of defective wiring, officials appear to be uncertain as to its specific cause. Fifty-one pieces of San Francisco equipment were hurried to the island to assist the modern department maintained at the fair. One fireman was killed and more than 20 injured, due principally to the temporary quality of the building construction.

#### Becker Candidate for Commissioner

SEATTLE, WASH.—Fred C. Becker, Seattle life agent, has filed his candidacy for insurance commissioner on the Republican ticket. Mr. Becker's platform calls for: conscientious administration of the Washington insurance code; strict enforcement of the agents' qualification law to protect the public against unscrupulous and unfit agents; and the elimination of waste and inefficiency in the insurance department. He promises prompt action against "twisters, rebaters and chiselers."

Mr. Becker is a former trustee and

vice-president of the Seattle Life Underwriters Association.

The Seattle Life Managers Association has endorsed Mr. Becker as being the best qualified candidate on the Republican ticket and he is supported by members of the Insurance Agents League of Washington.

#### Anderson Salt Lake City Chief

SALT LAKE CITY—The local Fire & Casualty Insurers Association at its annual meeting elected W. M. Anderson, Keyser Realty Company, president; R. M. Jennings, E. D. Smith & Sons, vice-president, and A. E. Burgener, Union Trust Company, secretary-treasurer. The executive committee will include the chairmen of the standing committees when the list is completed by the newly elected officers and reported at the September meeting.

#### NEWS BRIEFS

E. S. Inglis, vice-president of the Corroon & Reynolds companies, is shortly leaving on an agency trip to the Pacific Coast.

The Insurance Women's Association of Portland, Ore., has announced a series of educational classes to be held each Wednesday. Insurance executives of the city will be called upon to conduct the classes, which will be in the form of lectures. The first class Sept. 4 will be conducted by G. W. Haerle, office manager of Charles W. Sexton Company, immediate past president of the Oregon Insurance Agents Association.

## Conventions

Sept. 4-6—Iowa Agents, Fort Des Moines Hotel, Des Moines.

Sept. 4-6—International Association of Insurance Counsel, Greenbrier Hotel, White Sulphur Springs, W. Va.

Sept. 4-6—Michigan Agents, Book-Cadillac Hotel, Detroit.

Sept. 5-6—New Jersey Agents, Claridge Hotel, Atlantic City.

Sept. 5-7—Federation of Insurance Counsel, Hotel Traymore, Atlantic City.

Sept. 6-7—Wyoming Agents, Townsend Hotel, Casper.

Sept. 8-10—Insurance Advertising Conference, Haddon Hall, Atlantic City.

Sept. 11—Vermont Agents, Lake Morey Inn, Fairlee.

Sept. 9-11—International Claim Assn., Broadmoor Hotel, Colorado Springs.

Sept. 9-13—Insurance Section American Bar Association, Bellevue-Stratford Hotel, Philadelphia.

Sept. 13-14—Colorado Agents, Broadmoor Hotel, Colorado Springs.

Sept. 13-14—N. Y. State Association of Cooperatives, Utica, N. Y.

Sept. 16-19—National Association of Insurance Agents, Statler Hotel, Buffalo.

Sept. 16-19—National Association of Mutual Insurance Companies and Federation of Mutual Fire Insurance Companies, Netherland Plaza Hotel, Cincinnati.

Sept. 17-18—Western Underwriters Association, Greenbrier Hotel, White Sulphur Springs, W. Va.

Sept. 24-26—National Association of Mutual Insurance Agents, Wardman Park Hotel, Washington, D. C.

Sept. 30-Oct. 2—Ohio Agents, Hollenden Hotel, Cleveland.

Oct. 3-4—Pennsylvania Agents, Roosevelt Hotel, Pittsburgh.

Oct. 7-11—National Safety Congress, Stevens Hotel, Chicago.

Oct. 7-8—Missouri Agents, Connor Hotel, Joplin.

Oct. 7-10—Casualty Officials and Agents Convention, Greenbrier Hotel, White Sulphur Springs, W. Va.

Oct. 9-10—Kansas Agents, Bisonte Hotel, Hutchinson.

Oct. 11-12—New Mexico Agents, La Fonda Hotel, Santa Fe.

Oct. 16—Maine Agents, Elmwood Hotel, Waterville.

Oct. 17-18—Ontario Agents, Royal York Hotel, Toronto, Can.

Oct. 28-30—Wisconsin Agents, Hotel Reclaw, Fond du Lac.

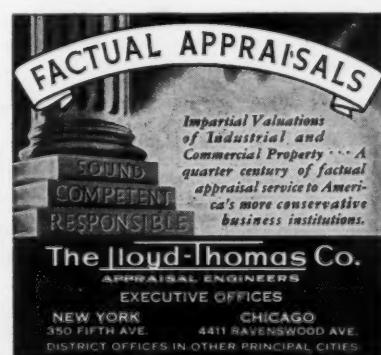
Oct. 29-30—Illinois Agents, Faust Hotel, Rockford.

Oct. 29-30—California Agents, Biltmore Hotel, Los Angeles.

Oct. 29-30—Indiana Agents, Indianapolis Athletic Club.

Nov. 8-9—Oklahoma Agents, Tulsa.

Dec. 2-4—National Association of Insurance Commissioners, Pennsylvania Hotel, New York City.



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## Fight Made to Save Suretyship

(CONTINUED FROM PAGE 16)

to keep prices low. In emergencies, however, he contended the initiation of work is delayed beyond the point that it would be if the cost plus system were employed. That is true because a cost plus contract can be entered into with only a general outline at hand of the work to be done.

### Percentage and Fixed Fee

Mr. Smith distinguishes between the so-called cost plus a percentage and cost plus a fixed fee. Under the cost plus a percentage plan, there is an advantage to the contractor in having the cost run high, whereas under the cost plus a fixed fee basis there is inducement to the contractor to keep his cost low.

Following the world war, he recalled, the navy department had no longer any authority to use the cost plus basis until April 25, 1939, when Congress passed a bill authorizing the use of cost plus fixed fee basis for certain public works of immediate strategic importance. The fee was not to exceed 10 percent of the estimated cost. There was a provision that the secretary of the navy may waive the requirements of performance and payment bond and may accept materials required at such places as to minimize insurance costs.

The author mentions three contracts for navy bases that were awarded on a cost plus fixed fee basis, they being those for the Pacific Islands where the fee allowed was 6 percent of the contract cost; Alaska, 5.83 percent, and San Juan, 5.607 percent. He contended that the costs of the contract bond premiums would have been a very large item because of the fact that extra-continental locations were involved and there were many potential hazards. Surety underwriters would, undoubtedly, take issue with him on that point.

The idea of having the government accept materials anywhere in order to minimize insurance costs, the author said, merely extends the principle of non-insurance of government property.

### Other Insurance "Inevitable"

No special provision was recommended as to other forms of insurance, the author stated, such as workmen's compensation, public liability and plant insurance which he said "as a practical matter are more or less compulsory or inevitable, it being wise to leave such items to the discretion of the contracting officer for approval or otherwise..."

Mr. Smith claims that some of these contracts are now a year ahead of where they would have been had the system of competitive bidding been employed. Moreover, he claims that responsible contractors under the system of competitive bidding would have loaded their proposals because of the many uncertainties of the work involved and some irresponsible contractor might have gotten the work by gambling on a low contingent item.

### Insurance as Cost Item

Mr. Smith mentioned that a problem does exist as the work goes along of determining whether various items really constitute a part of the cost of the work. There was considerable litigation on this point as a result of work done during the world war. Among the types of cases involved were those to determine whether various types of insurance and surety premiums constituted items of cost that should be recovered from the government. Mr. Smith cites the case of *Bates & Rogers Construction Co. vs. U. S.* (58 court of claims 392) decided by the U. S. Supreme Court May 28, 1923. In this case the contractor took out liability insurance and that purchase was approved by the contracting officer. The government refused, however, to allow this expenditure as a cost of the work. The U. S. Supreme Court held, however, that the premiums were a part of the cost of the work and the

contractor could recover.

Another case was that of *Mason & Hanger vs. U. S.* decided by the United States Supreme Court, Dec. 4, 1922 (269 U. S. 323). In this case the government refused to allow as a cost of the work the premium payment by the contractor for a performance bond. The contracting officer approved this item and the U. S. Supreme Court held that the decision of the contracting officer was conclusive and that the contractor could recover from the government.

In competitive bidding, Mr. Smith stated, the relationship of contractor and government is that of vendor and vendor, whereas under the cost plus system the government and the contractor are partners and coadventurers.

## Companies, Agents Should Cooperate

(CONTINUED FROM PAGE 5)

national councillors group headed by G. W. Carter of Detroit, and asserted that much value had come out of the conferences between these representatives of the states and the subscribers actuarial committee.

The first thing that can be done to strengthen organizations is through restatement of their principles and bringing about increased zeal for these primary principles. He said that insurance organizations undoubtedly stick to their principles as well as other business organizations and perhaps better. While at times, he acknowledged, a strong stand is justified and necessary, there is no room, in his opinion, in the organizations for fights among members or between organizations. He said that there is a sincere desire on part of companies to cooperate wholeheartedly with agents and agents' organizations.

### Need a Better Understanding

Mr. Smith in continuing said, "We need a better understanding and appreciation of each other's problems. We in the company ranks think that we know the agents' problems fairly well, but we probably do not. You in the agency ranks think you know company problems, but again you probably do not. To work together satisfactorily we must understand each other."

Mr. Smith recited some of the difficulties that companies encounter at times in trying to do what the agents want them to do. One of the greatest difficulties, he said, is to find facts. He said: "We have found that when agents come to us, one group has a strong belief that some action is very desirable for our business, and another will tell us that it is not wanted at all." Another difficulty, he said, in getting information is due to the fact that some agents will not come to the companies. They evidently think that they would not get a sympathetic ear or are unwilling to incur the loss of time and expense that would be involved.

### Charter Limitations

Another difficulty that the companies sometimes have is that the charters of some carriers, if not all, will not allow them to assume liability that it is proposed to put into contracts. Contracts have been broadened materially in the last few years. Some of the suggestions that have been made represent the assumption of hazards that cannot be written by at least some of the companies.

Mr. Smith said that sometimes companies are importuned to change their contracts or to recommend rates that the record does not justify. Another problem that faces companies sometimes is that a suggestion is contrary to public interest. The necessity of uniformity in treatment of risks over a territory frequently causes companies to pause when otherwise they might act rather quickly. Uniformity is not a fetish, he said, with the companies, but a degree of uniformity is certainly desirable, in his opinion. Mr. Smith said in connection with owners having properties situated in

more than one state: "It is simply unexplainable to such a man that we can do one thing in one state and the same companies cannot do the same thing in another. It is indefensible." He enumerated some of the factors that bring about this condition. Sometimes state laws considerably hamper action that companies might be glad to take.

In his concluding remarks, Mr. Smith urged all to take greater interest in insurance thinking, of course, of individual problems but pointing out the desirability of looking at the business in its broadest aspects. Agents and companies, he urged, should work together in a frank way with that respect for each other's ideas and motives that will allow correct decisions to be reached.

## Program Announced for Buffalo Muster

(CONTINUED FROM PAGE 3)

3 p. m.—Meeting of committee on resolutions.

### Get-Together Dinner

7 p. m.—Annual get-together dinner and testimonial to W. H. Bennett, general counsel and secretary, President S. O. Smith, Gainesville, Ga., presiding.

Introduction of distinguished guests and national leaders.

Greetings from the insurance department of New York, L. H. Pink, superintendent.

Greetings from the city of Buffalo, T. L. Holling, mayor.

Greetings from the New York State Association of Local Agents, T. A. Sharp, Rochester, president.

Greetings from the Buffalo Association of Fire Underwriters, A. C. Glasser, president.

Response, L. W. Garlich, St. Joseph, Mo., member national executive committee.

### Wednesday, Sept. 18

First convention session.

Report of the administration, S. O. Smith, president.

Keynote address, "Full Efficiency for '41," W. H. Bennett, general counsel National association.

Greetings from the National Association of Casualty & Surety Agents, W. D. O'Gorman, Newark, president.

Greetings from the Ontario Fire & Casualty Insurance Agents Association, S. O. Mason, Welland, Ont., president.

Educational report, L. P. McCord, Jacksonville, Fla., chairman publicity and education.

### Second Convention Session

Greetings from the American Association of Insurance General Agents, S. B. Scruggs, Dallas, president.

"Insurance Merchandising."

"Comprehensive Liability Insurance," E. W. Sawyer, National Bureau of Casualty & Surety Underwriters, New York City.

"Adaptation of Inland Marine Covers to the Particular Risks," A. W. Barthelmes, secretary North British & Mercantile, New York.

Commentator, Roy A. Duffus, Rochester, N. Y.

4 p. m.—Meeting of committee on nominations.

4 p. m.—Meeting of committee on resolutions.

5:30 p. m.—Niagara Falls sightseeing and dinner party.

### Thursday, Sept. 19

8 a. m.—Committee breakfast conferences.

Accident prevention committee, John J. Roe, Jr., Patchogue, N. Y., chairman, presiding.

Membership committee, D. A. North, New Haven, Conn., chairman, presiding. Publicity and education committee, L. P. McCord, Jacksonville, Fla., chairman, presiding.

Rural agents' committee, R. W. Forshaw, Anita, Ia., chairman, presiding.

9:30 a. m.—Meeting of national executive committee.

10 a. m.—Meeting of committee on resolutions.

### Group Sessions

Agency Operation and Management:

Group 1.—For agencies producing up to \$100,000 in annual premiums, W. C. Vaughan, Louisville, presiding.

Group 2.—For agencies producing from

\$100,000 to \$300,000 in annual premiums, R. M. L. Carson, Glens Falls, N. Y., presiding.

Group 3.—For agencies producing over \$300,000 in annual premiums, H. R. Preston, Springfield, Mass., presiding.

### Third Convention Session, 2 p. m.

Address, John C. Blackall, Connecticut commissioner and president National Association of Insurance Commissioners.

Address, F. W. Hancock, Jr., Federal Home Loan Bank Board, Washington, D. C.

Report of committee on resolutions. Presentation of awards:

President's Membership Cup—to the state association making the largest percentage increase in membership for the preceding fiscal year.

Des Moines Attendance Cup—to the state association having the largest number of members registered at the convention.

Detroit Association Cup—to the state association showing the greatest combined mileage of members attending the convention.

Spaulin Cup—to the state association which has rendered the most signal service to the American agency system during the fiscal year.

Woodworth Memorial—to the member who has performed the most outstanding work for insurance during the year.

Report of committee on nominations.

Installation of new officers.

7 p. m.—Past presidents' dinner, W. H. Menn, Los Angeles, presiding.

9 p. m.—Annual ball.

### Friday, Sept. 20

9:30 a. m.—Golf tournament, Meadowbrook Golf & Country Club.

### Ladies' Entertainment Program

Monday, Sept. 16, 4 p. m., reception and tea in honor of Mrs. Sidney O. Smith, Mrs. P. H. Midyette and Mrs. W. H. Menn, Hotel Statler.

Tuesday, Sept. 17, 1 p. m., luncheon and style show, Hotel Statler.

Thursday, Sept. 19, 12:30 p. m., Luncheon at Wanakah Country Club.

### Ample Parking Facilities

BUFFALO—Delegates driving to the annual convention of the National Association of Insurance Agents in Buffalo Sept. 16-19 will find ample parking facilities within a block of Hotel Statler, convention headquarters. There will be no inconvenience or burdensome expense resulting from a lack of adequate parking facilities.

Just across the street from Hotel Statler is the Statler Garage, which can accommodate several hundred cars and which will make a reduced rate for convention delegates for their four-day stay. Within a block of the hotel are two other large parking garages which will accommodate several hundred more cars.

### Intensive Fire Prevention Plans

WICHITA—Organization of Kansas for a state-wide Fire Prevention Week campaign is nearing completion under the direction of the Kansas Fire Prevention Association with the cooperation of Clyde Latchem, state fire marshal and the Kansas Inspection Bureau.

Representatives of the Kansas Fire Prevention Association spoke at the annual meeting of the county superintendents of public instruction and before several county institutes. A speaker will appear before the 4-H Clubs gathering in Hutchinson. Speakers will be on the program of the annual fire school of the Kansas Firemen's Association at the University of Kansas in September. A special exhibit is planned for the Kansas State Fair in Hutchinson the week of Sept. 15 with the Hutchinson Board cooperating.

Organization of the local program is conducted by the association's "contact men," each member being assigned to one or more towns.

Wm. H. Moeller, state agent, and Fred Trayling, special agent of London & Lancashire, will maintain headquarters at the Book Cadillac Hotel Sept. 14-16, during the convention of the Michigan Association of Insurance Agents. C. Claussen, western manager, is expected to attend.



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